THE WHITE HOUSE

WASHINGTON

12/3/90

Dear Ben –

Thanks for sending me your artwork. You're definitely one of the better turkeys in this town, but you should still keep your day job!

Best,

Bill

THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

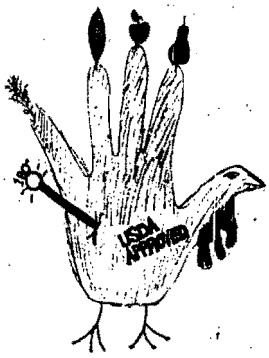
12/3/98

Dear Mr. President -

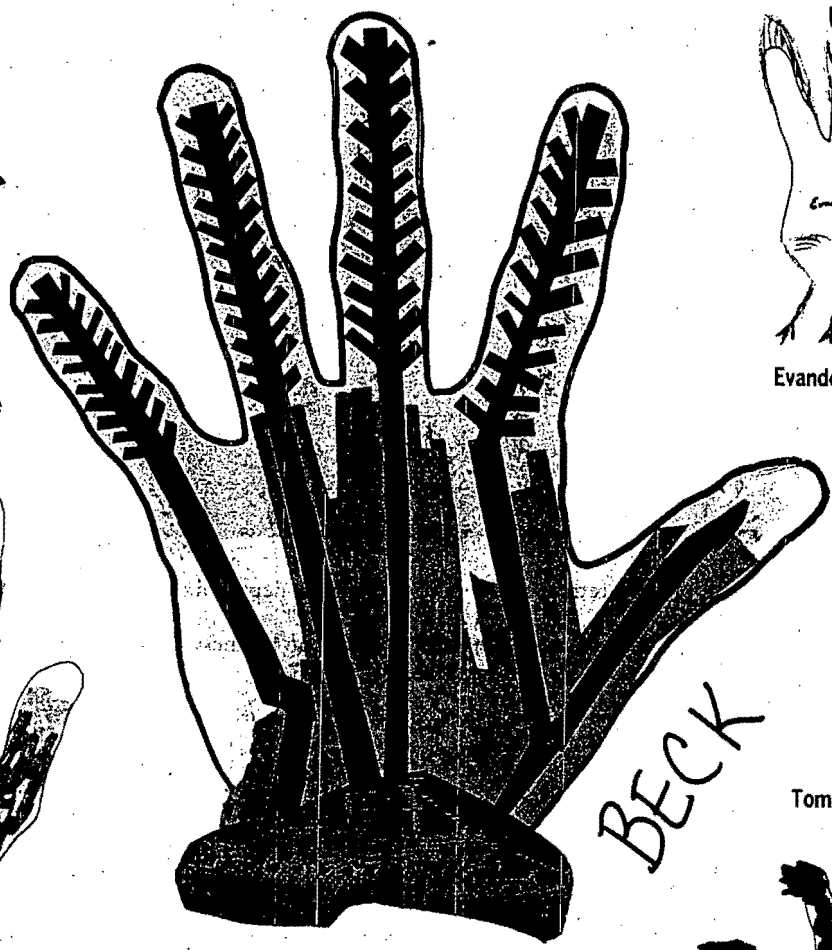
I wanted you to see the attached Thanksgiving piece from a recent edition of Time. It shows three things:

1) I run with tall dogs
2) I do very important work on food safety
3) I am a better actor than a Secretary.

Dan

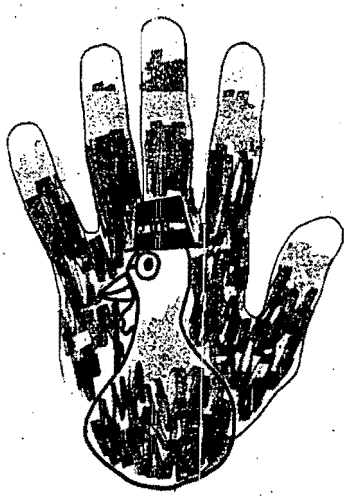


Dan Glickman,
U.S. Secretary of Agriculture



Beck, musician

Evander Holyfield, boxer



Jerry Springer, talk-show host

Tommy Hilfiger, clothing designe

Ben Stiller, actor

And We Thought This Idea Was a Turkey

BACK BY POPULAR DEMAND (OR, AT LEAST, lack of popular complaint) are the turkey hands kindergartners are drawing this week, as rendered by the rich, famous and the Secretary of Agriculture. Question: Is Jerry Springer being his nonconformist provocative self, or did he just not get the concept?

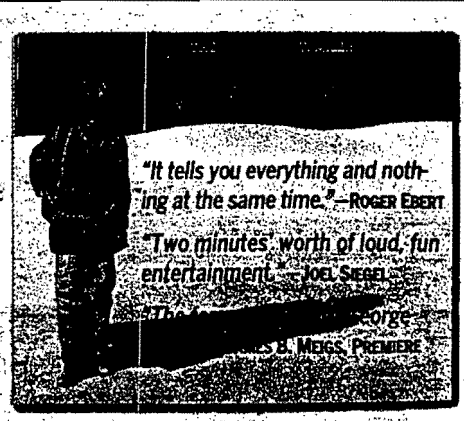
CONTEST CORNER

ANOTHER WINNER In Notebook Contest #5, we asked readers to design a balloon for the Macy's Thanksgiving Day Parade. Of the many John Glenns we received, that sent in by Terence Dungan of New S. Paltz, N.Y., was the loftiest. "It's like watching your favorite grandfather go up into space," he says.

NOW FOR NOTEBOOK CONTEST #6 We want your 1998 non-denomination keepsake ornament. Actual ornament preferred, but photo or diagram will do. Mail it to TIME Notebook Contest #6, Room 23-21B, Time & Life Building, N.Y., N.Y. 10020, fax it to 212-457-0110 or e-mail your entry to Notebook@time.com.

COMING ATTRACTION

FRAME GRAB Fans braved lines, drove miles and paid full price to see the 140-sec. trailer for the new *Star Wars* movie. The only thing the trailer is missing is a poster. Not any more:



THE WHITE HOUSE

WASHINGTON

December 27, 1999

The Honorable Daniel R. Glickman
4442 Hawthorne Street, N.W.
Washington, D.C. 20016-3589

Dear Dan:

Hillary and I were deeply saddened to learn of your father's death. I know this must be a particularly devastating loss for you and your family, coming so soon after the death of your mother.

We hope that you find comfort in your memories of your father and that you will be strengthened by the knowledge that all of us who care so much about you are thinking of you and praying for you.

Sincerely,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

November 12, 1999

The Honorable Daniel R. Glickman
Secretary of Agriculture
Washington, D.C. 20250

Dear Dan:

Happy Birthday! Hillary and I send our best, and we hope the coming year brings you good health and abundant joy.

Sincerely,

Bill

THE WHITE HOUSE

WASHINGTON

September 12, 2000

The Honorable Daniel R. Glickman
Secretary of Agriculture
Washington, D.C. 20250

Dear Dan:

Thanks so much for the great cap and jacket. It meant a lot to me to be able to personally thank some of the people who have been working so hard to battle the wildfires out West, and it was only fitting that you were able to be there with me. I'm deeply grateful for all that you do.

Sincerely,

Bill

File
Pres. file

THE WHITE HOUSE

WASHINGTON

November 17, 2000

The Honorable Daniel R. Glickman
Secretary of Agriculture
Washington, D.C. 20250

Dear Dan:

Happy Birthday! Hillary and I want to wish you all the best on your special day. We hope the year ahead brings you good health and much happiness.

Sincerely,

Bill

THE WHITE HOUSE

WASHINGTON

July 6, 2000

The Honorable Daniel R. Glickman
Secretary of Agriculture
Washington, D.C. 20250

Dear Dan:

I was delighted to learn about the lecture series and institute that you, Sharon, and Norman are establishing at Wichita State University. What a wonderful tribute to the good humor and generous spirit of your parents. I know that this has been a difficult time for you, and I hope that you can take comfort in knowing that the goodness of their lives will serve as an inspiration to future generations. You're doing a great thing.

I also want you to know how much it means that you thought of me to be the first speaker for the lecture series. I'm truly honored, and I hope my schedule will allow me to do that.

Hillary and I send you our best.

Sincerely,

Bill

THE WHITE HOUSE

WASHINGTON

July 15, 1999

The Honorable Daniel R. Glickman
Secretary of Agriculture
Washington, D.C. 20250

Dear Dan:

Thanks for your note and for the articles about the success of USDA's housing and loan programs. I'm glad to know that our efforts are making a difference in the lives of rural Americans, and I appreciate all your hard work to ensure that people throughout our nation have the opportunity to fulfill their dreams.

Sincerely,

Bill

We need to target the areas we visited

Thanks –

THE WHITE HOUSE

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July 15, 1999

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We need to target the areas we visited

Thanks –

THE SECRETARY OF AGRICULTURE
WASHINGTON, D. C. 20250-0100

June 18, 1997

MEMORANDUM FOR THE PRESIDENT

From: Secretary Glickman

Subject: Questions on my weekly White House Report -- May 21, 1997

You expressed particular interest in two items from my May 21, 1997 weekly report: the Special Supplemental Nutrition Program for Women, Infants, and Children's (WIC) immunization promotion program and the effect of the welfare reform waiver process on residents of the Wind River (Wyoming) Reservation.

WIC IMMUNIZATION PROMOTION PROGRAM:

Since the 1989-1991 resurgence of measles, the Food and Consumer Service (FCS) and Centers for Disease Control and Prevention (CDC) have cooperated to increase to 90% immunization rates among WIC participants under 2 years. Through all 87 WIC state agencies, which include the territories and Indian Tribal Organizations, the program currently assesses the immunization status of approximately 75 percent of its pre-school participants. In many WIC clinics, the children who need vaccinations receive them on site; at others, they are referred to a physician.

To improve the efficiency of the initiative and broaden its reach, the WIC program spent $1 million last fiscal year to improve its computerization capabilities in 9 states, building information sharing links between WIC state agencies and local clinics and state immunization information systems. This fiscal year, the program will spend $14.7 million to provide the same capabilities in all states -- enabling the program to build on the successful increase in immunization coverage rates that I reported.

WELFARE REFORM WAIVER FOR WIND RIVER RESERVATION:

On May 27, 1997, based on the Department's conclusion that insufficient job opportunities exist on the Wind River Reservation, we approved a request from

more

Wyoming to waive, for members of the Arapaho and Shoshone tribes on the reservation, provisions of the welfare reform bill that prevent single, able-bodied adults, between 18 and 50 from receiving food stamps more than 3 months in any 36 months period unless they are employed 20 hours per week or participating in a work program.

The Food and Consumer Service (FCS) evaluated the Wind River Reservation request against a formula constructed especially for Indian reservations. In conformance with Office of Management and Budget policy, the FCS procedure for assessing state requests for waivers of these provisions of the welfare reform bill require states, or subdivisions thereof, to use Bureau of Labor Statistics (BLS) figures. However, BLS does not compile unemployment rates specifically for Indian reservations. Therefore, working with the Bureau of Indian Affairs (BIA), FCS constructed an employment-to-population ratio for evaluating waiver requests covering reservations. In the case of the Wind River Reservation, FCS concluded that insufficient job opportunities exist based on an employment-to-population ratio of 38% for 1995, compared to 64% nationally.

Recently, the BLS created a way to use its data and data from the Census Bureau to determine unemployment rates specifically for Indian reservations. In light of this development, FCS reexamined all waiver requests for reservations to determine whether any that were originally denied using employment-to-population ratios would qualify based on the new BLS unemployment figures. As a result of the reevaluation, FCS recently granted two additional waivers for reservations in New Mexico.

Altogether, FCS has approved waivers for 54 reservations with populations of 2,000 or more. Now, in determining whether to grant waivers for Indian reservations, FCS uses the more favorable of either employment-to-population ratios based on data from the BIA or unemployment rate data developed by the Bureau of the Census and the BLS.

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

June 12, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY GLICKMAN

SUBJECT: Update on Commodity Market Developments

Although the price run-ups we witnessed from mid-April through mid-May have moderated in recent days, corn and wheat prices remain at extraordinary levels due to historically tight stocks, severely adverse weather conditions in primary grain producing areas, and continuing strong export demand.

Two of the most significant items in our most recent crop estimate, released June 12, were one, the wheat market will remain extraordinarily tight through the 1996/1997 marketing year (June 1, 1996 through May 31, 1997) largely as a result of adverse weather conditions lowering this year's harvest and two, the corn market will rebound only modestly this year's tightness once the new crop comes on because of poor spring planting conditions.

Wheat:

The 1995/96 wheat marketing year ended on May 31, 1996. Carryover stocks are estimated at 352 million bushels, which, as a percent of total wheat consumed, is the lowest in nearly 50 years. Wheat prices continue at record-high levels, reflecting tight supplies and poor prospects for the 1996 crop. Farmers received an estimated $5.81 per bushel for wheat in May, compared with $3.67 one year ago.

USDA's June's forecast of the 1996 wheat crop was 2.080 billion bushels, about 370 million bushels less than initially expected because of poor growing conditions for winter wheat in the Southern Plains and Midwest wheat states. We estimate that winter wheat harvested acreage will be the lowest since 1972, and winter wheat production will be slightly below 1991's weather-reduced crop. The forecast of the total 1996 wheat crop is 325 million bushels less than the amount of wheat consumed domestically and exported last year.

Consequently, the 1996/97 wheat marketing year is expected prove to be even tighter than the past year. Stocks will not be rebuilt, farm-level prices are expected to be record high for the year, $4.70-$5.30 per bushel, compared with $4.50 last year, and total use will have to be pared back from this year's level. The cutback in total use is expected to come in exports, with a 22-percent drop in volume, curtailed by the lack of supplies and improved crops in most foreign countries.

Corn:

The 1995/96 corn marketing year ends on August 31, 1996, when corn stocks are expected to total only 347 million bushels, enough to cover 14 days use, the lowest in 60 years. Cash market corn prices are currently near $5.00 per bushel, compared with $2.65 a year earlier. Despite the high prices, corn exports have remained firm at 2.3 billion bushels, up 6 percent from one year ago.

Rain and cool weather has reduced corn plantings especially in rain-plagued Ohio and Indiana and to a lesser extent in Illinois, Michigan and Wisconsin. Poor planting conditions are expected to reduce 1996 corn plantings by about 2 million acres and 1996 corn production by over 250 million bushels. In addition, cool weather combined with more late plantings could delay crop development, making the crop more suspectable to heat stress later this summer and frost damage this fall.

Assuming no weather problems through the rest of the growing season, corn stocks are expected to rebound modestly next year and corn prices are expected to fall off somewhat. Season-ending stocks are expected to be about 7 percent of total use, which except for this year would be the lowest since the mid-1970's. Corn prices for the 1996/97 marketing year are projected to be in the range of $2.90-$3.30 per bushel, near this year's season-average price of $3.20 per bushel. The all-time record high is $3.21 per bushel set in 1983/84.

Soybeans:

Soybean stocks as a percent of total use at the end of this marketing year, which ends on August 31, are expected to be the lowest since the mid-1970's. The farm-level price of soybeans is expected to average $6.80 per bushel, up from $5.48 per bushel last year. The price of soybeans is being supported by a 40-percent increase in the price of soybean meal.

Poor planting conditions for corn are causing some producers to switch to soybeans. Soybean plantings are projected to reach 64 million acres this year, up from 62.6 million acres last year. However, rain has greatly delayed soybean plantings in Illinois, Indiana and Ohio. Soybeans can be planted until late June to early July in these States, but the later soybeans are planted the more prone it is to heat stress and frost damage. Assuming normal weather throughout the remainder of the growing season, soybean and soybean meal prices are expected to average near this year's level.

Cattle:

Since your announcement on April 30 of actions to stabilize the cattle market, cattle prices have risen $4-5 per cwt., about 10 percent. Part of the increase reflects a slowdown in cattle moving through feedlots. With prices for feeder cattle so low, ranchers are keeping animals on pasture rather than moving them to feedlots. Beef production is forecast to up 5 percent for the first half of this year, compared with a year earlier, but is still expected to fall below year-earlier levels during the second half of the year. This will help strengthen cattle prices this fall and winter.

The farm-to-retail price spread for beef was near record high in April. However, retail beef prices are falling; beef is becoming the featured "special" as the barbecue season begins. Lower retail prices will complement your action by helping to move this year's increased beef production and accelerate the cattle price recovery.

Imports of cattle from Mexico have declined dramatically in recent months. From January through March of this year, the value of live cattle imports from Mexico declined by 79 percent, compared with the same period in 1995, and the value of all animal and animal product imports declined by 73 percent. From January through March, the United States has a net trade surplus with Mexico in animal and animal products of $210 million, compared with a net trade deficit of $19 million over the same period last year. The reduction in imports of cattle from Mexico has also helped support livestock prices.

Despite the high feed prices this year, beef production is forecast to be up about 1.5 percent in 1997, following a projected increase of 1.7 percent this year. The further increase in beef production in 1997 is expected to keep choice steer prices in the range of $62-$68 per cwt., up modestly from this year.

Other Livestock and Poultry:

Pork, poultry and dairy producers, although facing higher feed costs, are not facing the drop off in prices cattle producers have faced this year. Hog prices for the first half of the year are up about 31 percent, and broiler and milk prices are up about 12 percent, compared with one year ago. The pork price increases reflect reduced pork production, as hog producers began adjusting last fall, and strong export demand. For all of 1996, pork production is expected to be down about 1 percent but rebound in 1997. The higher broiler prices reflect strong demand, Russia's return to the U.S. poultry market and a slowdown on the rate of poultry production increases.

Dairy producers are also feeling the pinch of higher feed costs. Milk production, which has expanded steadily in recent years, is expected to be unchanged during the second quarter. High

feed costs, poor weather and lower quality forage have reduced the increase in output per cow to well below the gains of recent years. Consequently, milk prices are record-high for this time of year.

Consumer food prices:

Despite the increases in farm grain, pork and poultry prices, the Consumer Price Index (CPI) for food has not increased substantially. For all of 1996, the food CPI is expected to rise 2-3 percent, which would be below the expected increase in the overall CPI. The CPI for food for May, released June 12, was 2.5 percent above May 1995. The May changes for grain and grain-affected products are as follows:

Item	% change
Meats	1.3
Beef and veal	-2.6
Pork	7.8
Poultry	5.6
Cereals and bakery products	4.3
Dairy products	3.6

Retail price projections depend on having average corn and soybean crops, which will be more prone to heat stress and frost damage than normal. Assuming normal growing conditions for the remainder of the year, feed costs are not expected to decline significantly over the next several months, compared with year earlier levels. Retail beef prices are likely to start increasing year over year in late 1996, and by early 1997 could be up 2-3 percent. If corn and oilseed yields are adversely affected by the weather later this year, pork, poultry and dairy product prices would also increase more sharply over the next several months.

The attached pages graphically demonstrate these trends. I have also attached a summary of the actions the Administration has taken in recent months to deal with adverse weather conditions affecting farmers and ranchers.

June 12, 1996

THE CLINTON ADMINISTRATION'S RESPONSE TO DROUGHT AND RELATED ADVERSE WEATHER CONDITIONS AFFECTING AMERICA'S FARMERS AND RANCHERS

The Clinton Administration continues to implement a multi-faceted strategy to deal with problems farmers and ranchers are facing due to drought and other adverse weather conditions. The primary elements of that strategy are:

- ***PROVIDE ASSISTANCE TO FARMERS AND RANCHERS AFFECTED BY ADVERSE WEATHER:***

  In April 1996, Secretary Glickman provided farmers another opportunity to purchase catastrophic risk crop insurance coverage for spring-planted crops by extending the sales closing date to May 2, 1996.

  In April 1996, Secretary Glickman authorized grazing on acreage enrolled in the Conservation Reserve Program (CRP) on an emergency basis in numerous Southern Plains counties and announced that the reduction in CRP rental payments would be 5 percent for each month grazed not exceed 25 percent, rather than the 25-percent reduction previously assessed for any grazing of CRP acreage.

  As part of a 5-point plan to provide assistance to cattle producers, President Clinton directed Secretary Glickman to open nationally all but the most environmentally sensitive CRP acres to haying and grazing.

  On April 30, 1996, President Clinton directed Secretary Glickman to survey the credit needs of farmers and ranchers as a result of adverse weather conditions.

  On May 24, 1996, Secretary Glickman announced the transfer of $16.4 million in unobligated CRP funds to the Emergency Loan Program to replenish exhausted funds in that program, making an additional $56 million in emergency loans available farmers and ranchers.

  On May 30, 1996, President Clinton directed Secretary Glickman –

  1) to extend for 90 days the period for which eligible producers could continue to receive assistance through the Emergency Livestock Feed Assistance Program and

  2) to authorize Noninsured Assistance Program (NAP) coverage for forage losses on small grains.

On May 31, 1996, the Office of the Comptroller of the Currency issued a bulletin encouraging bankers to work with borrowers in communities affected by drought and indicated that extended repayment terms or other debt restructuring, done in a prudent way, would not be subject to examiner criticism.

On June 4, 1996, Secretary Glickman asked President Clinton to delegate to him authority to release feed grain stocks held in the Disaster Reserve, an action necessitated by provisions in the 1996 Farm Bill suspending the Secretary's past authority to access such stocks through the Emergency Livestock Feed Assistance Program.

On June 7, 1996, Secretary Glickman announced that insured dryland cotton producers in western Texas and eastern New Mexico would have to wait only seven days, rather than the standard 25, after the final planting date for cotton to plant an alternative crop if their cotton crop fails.

- ***PERMIT FARMERS TO RESPOND TO INCREASED MARKET DEMAND:***

In 1995, Secretary Glickman announced that wheat and feed grain farmers would not have to idle land as a condition for receiving income support payments and price support loans.

In 1995, the Department of Agriculture (USDA) permitted 640,000 acres of land enrolled in the CRP to exit the program early and return to crop production, replacing that land with more environmentally sensitive land.

In January 1996, Secretary Glickman announced that USDA would permit farmers with CRP contracts expiring in 1996 to leave the CRP early so that they could bring this acreage back into production this crop year.

On April 5, 1996, one day after the farm bill was signed, Secretary Glickman implemented a provision that allows farmers with least the environmentally sensitive acreage in the CRP land enrolled terminate their CRP contract and return that acreage to crop production.

- ***USE EXPORT AND DOMESTIC PROGRAMS AS NECESSARY:***

  In early 1996, President Clinton released 1.5 million tons of wheat from the Food Security Wheat Reserve to meet humanitarian food aid commitments.

  On April 30, 1996, President Clinton directed Secretary Glickman to make full use of export programs to help relieve pressures caused by large livestock supplies and increased export credit guarantees have been arranged with several countries.

  On April 30, 1996, President Clinton directed Secretary Glickman to expedite purchases of beef by $50 million for the School Lunch Program.

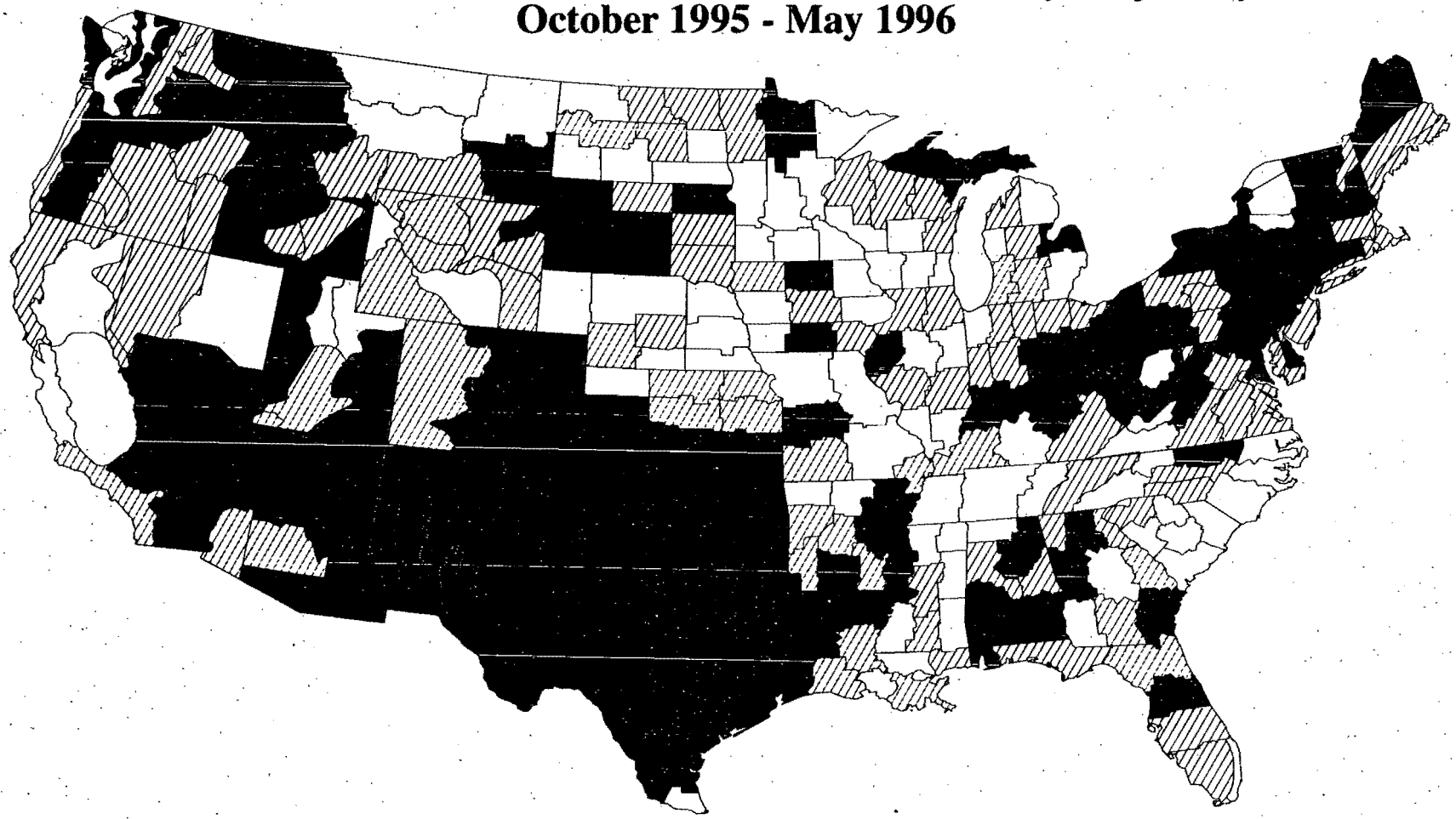
  In May, USDA began to accelerate purchases of dairy products for domestic food assistance programs purchasing nearly 20 million pounds of cheese since early May, more than one-third of total purchases under these programs during all of last year.

In addition to Secretary Glickman's trips in April to west Texas and southern Kansas to tour drought-affected areas, the Clinton Administration continues to monitor weather and market conditions closely in consideration of additional actions as needed. The Administration's Advisory Committee on Agricultural Concentration issued its report to Secretary Glickman on June 6. This report contains over 80 recommendations which the are now under review.

U.S. PRECIPITATION RANKINGS

Climate Division Data from 1896-1996 (101 years)

October 1995 - May 1996



LEGEND

- Extremely Dry (Less than 10th Percentile)
- Dry (10-30 Percentile)
- Near Normal (30-70 Percentile)
- Wet (70-90 Percentile)
- Extremely Wet (Greater than 90th Percentile)

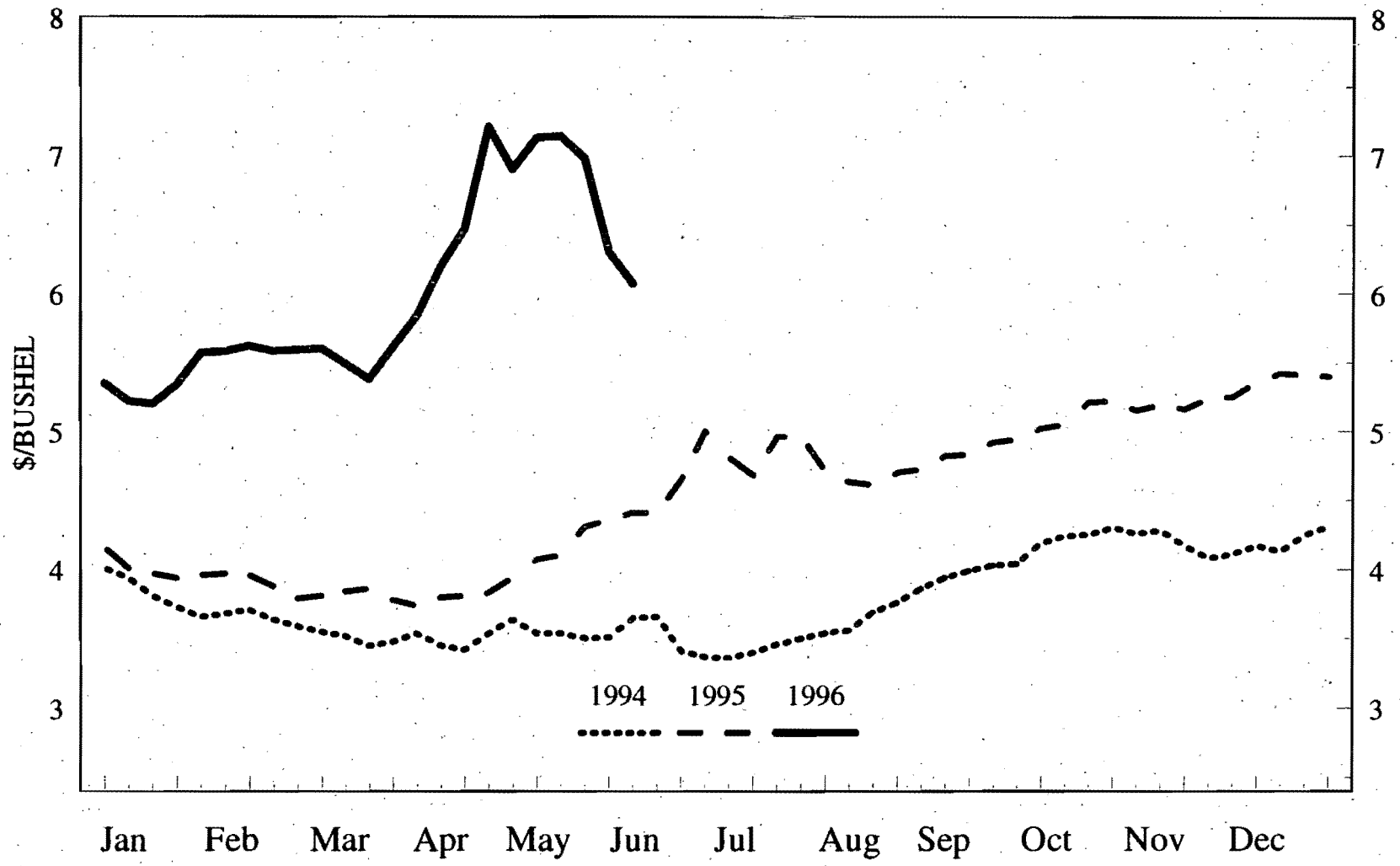
TLP C:\CDIV\CDOM96P.PRE

Analysis done at the Joint Agricultural Weather Facility.

Data provided by National Climatic Data Center (NCDC).

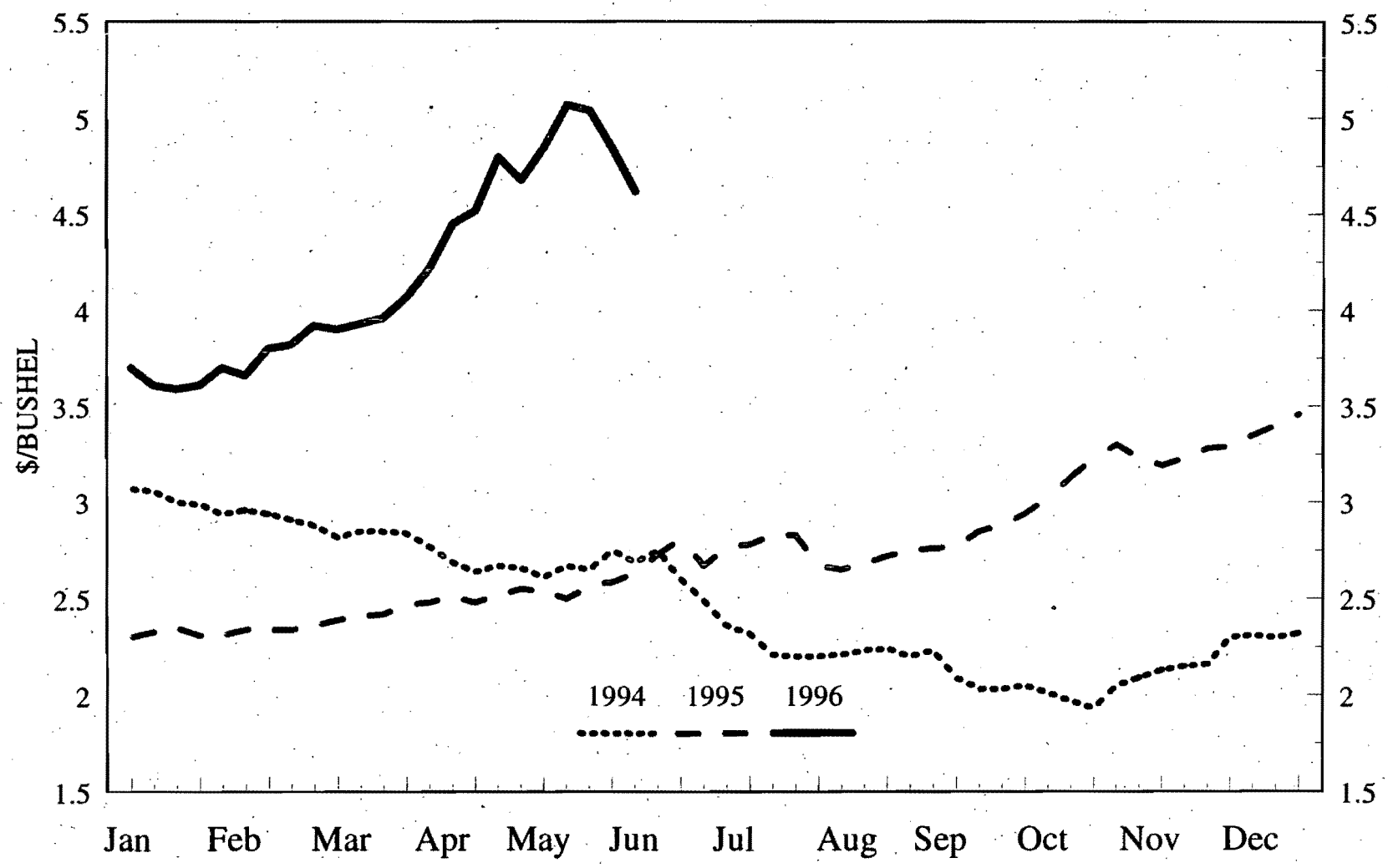
Kansas City Wheat No. 1

Average Weekly Price (HW)



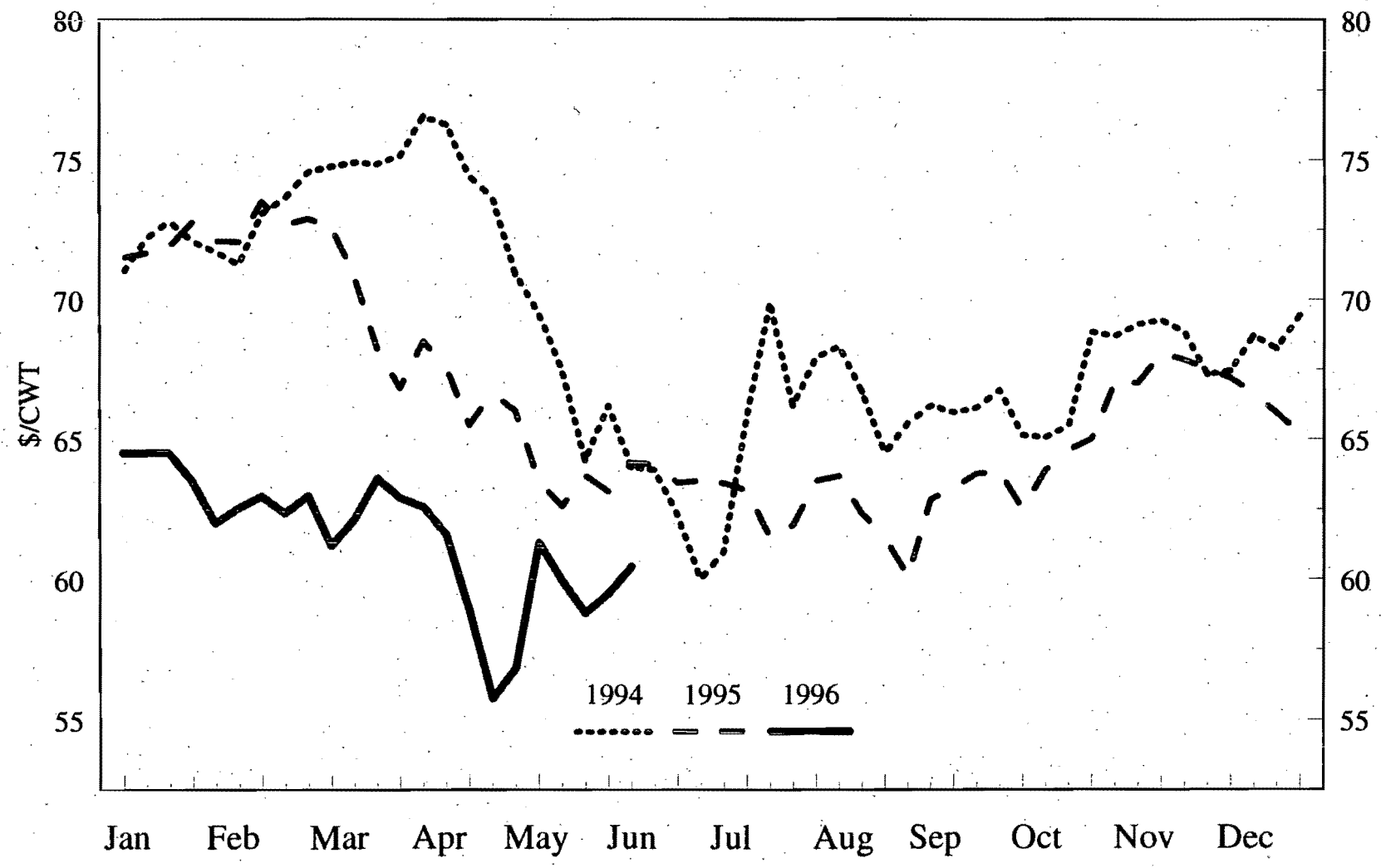
Southern Iowa Corn

Average Weekly Price, Yellow No. 2



Nebraska Steers

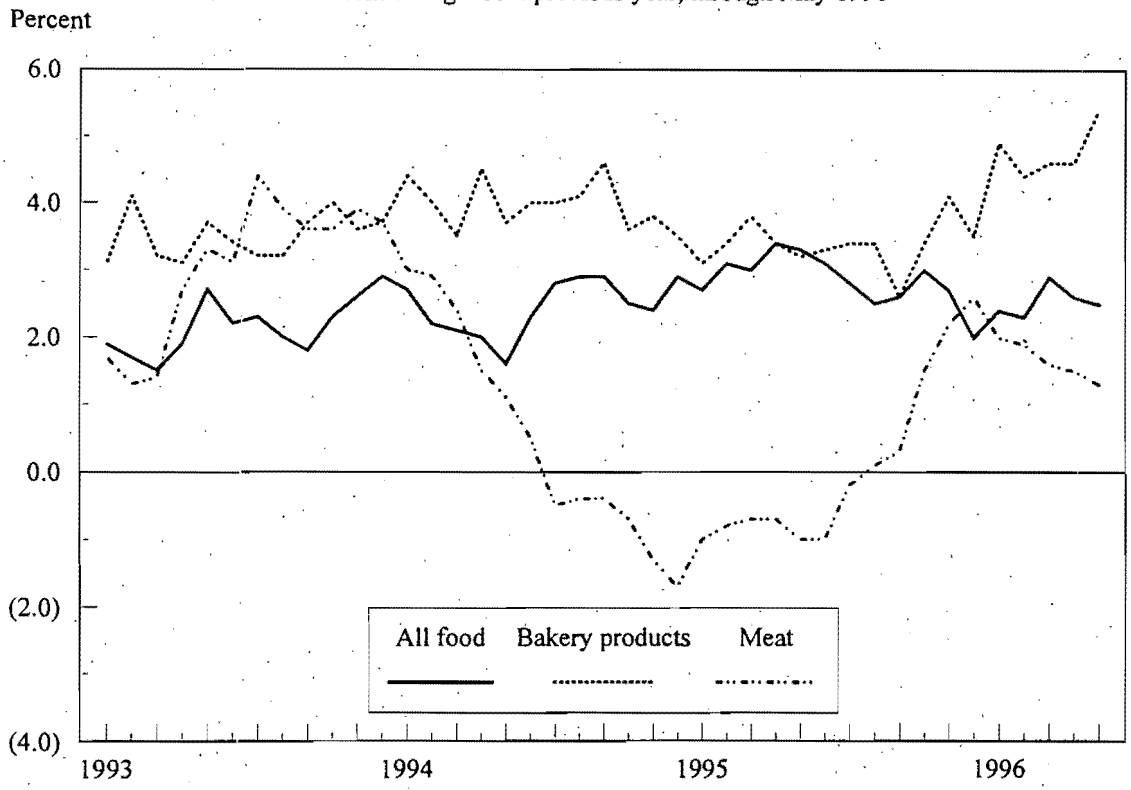
Average Weekly Price, 11-1300 lb.



U.S. Consumer Prices

All food, bakery goods, and meats

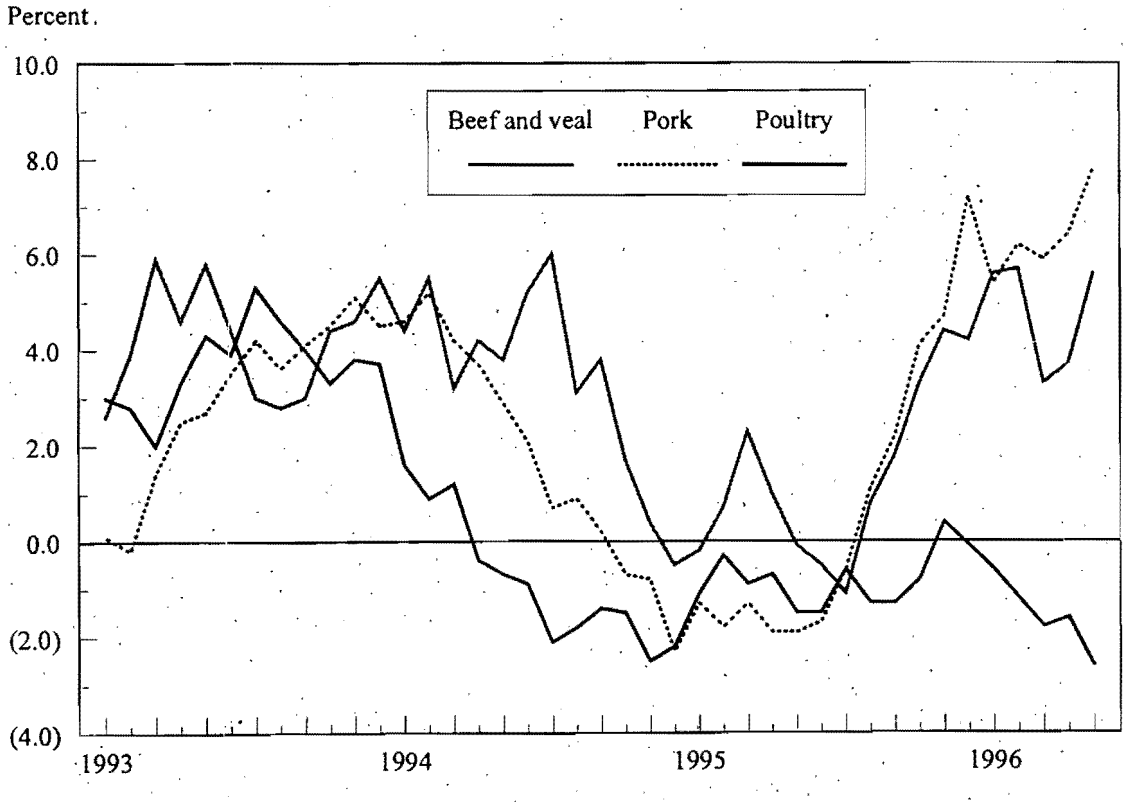
Percent change from previous year, through May 1996



U.S. Consumer Prices

Beef and veal, pork, and poultry

Percent change from previous year, through May 1996



Daniel R. Glickman

8/1/96

Dear Mr. President -

I understand you are returning to Wyoming for vacation later this month.

While you are enjoying Yellowstone and the Tetons, keep in mind that they are surrounded by five of our best national forests. And last year you enjoyed a raft trip hosted by one of our forests. We'd love to show you more of the recreation opportunities in our national forests. Let me know if we can help. Have a great time.

Dan

Office of the Secretary
Washington, D.C. 20250-0100

THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

3/26/97

Dear Mr. President —

I thought you might enjoy the attached article reviewing some important rice research being done in Arkansas. This targeted research is directly geared towards expanding rice exports into the Japanese market.

Dan

Jimmy Carter
The Carter Center
Atlanta, GA

USDA

From the desk of Dan Glickman, Secretary

7/12/97

Dear Mr. President -

I very much enjoyed, and agreed with, your article on biotechnology. Genetic engineering can help us produce more food in an environmentally sensitive manner. I am doing my best to convince those skeptics that sound science in this area can reduce the use of pesticides, reduce fragile soil tillage and increase yields. I hope we can work together to achieve these objectives. My best -

Dan Glickman

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

June 12, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY GLICKMAN

SUBJECT: Update on Commodity Market Developments

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Wheat:

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USDA's June's forecast of the 1996 wheat crop was 2.080 billion bushels, about 370 million bushels less than initially expected because of poor growing conditions for winter wheat in the Southern Plains and Midwest wheat states. We estimate that winter wheat harvested acreage will be the lowest since 1972, and winter wheat production will be slightly below 1991's weather-reduced crop. The forecast of the total 1996 wheat crop is 325 million bushels less than the amount of wheat consumed domestically and exported last year.

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THE WHITE HOUSE

WASHINGTON

5/26/96

Dear Dan

I read your letter with appreciation and understanding.

While I would like to see us win a Kansas Senate seat, especially this year, I value your work in the Administration and want you to continue, especially in areas where we know we need to really progress and to protect the things we believe in —

Thanks —

Bill Clinton

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Thanks,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

October 21, 1997

The Honorable Daniel R. Glickman
Secretary of Agriculture
Washington, D.C. 20250

Dear Dan:

Thank you for participating in the White House Conference on Climate Change and for leading one of the discussion sessions with conference attendees.

As I said at the Conference, popular democracies are better at responding to immediate crises than to long-term problems such as this one, which play out across decades. But we must address the challenges presented by climate change, and by coming together to discuss these challenges we have taken a good step in the right direction.

The Vice President and I saw this conference as a unique opportunity, both to discuss this issue with the American people, and to hear the concerns of important opinion leaders. Giving those who attended the conference a forum to express their views and to have these views taken into account by the Administration made a real difference. Thank you for helping to make these sessions, and the whole conference, a real success.

Sincerely,

Bill Clinton

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

October 28,1997

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY DAN GLICKMAN

THROUGH: Sandy Berger
Assistant to the President for National Security Affairs

SUBJECT: Your Meeting with President Jiang Zemin: Agricultural Issues

Several agricultural issues continue to hinder progress with China in the WTO accession negotiations. These issues are of keen interest to many in the agricultural sector as well as to a substantial number of members of congress. It would not be overstating the case to say that our ability to reach a satisfactory resolution of these problems will be a principal factor in obtaining domestic support for an accession agreement with China.

The two most important issues are China's continued refusal to accept wheat from the Pacific Northwest and citrus from most of our citrus-growing areas. You may recall that you raised both of these matters with President Jiang Zemin last November at the APEC summit in Manila. China's excuse for not accepting these products is concern over the possible introduction of a fungus (TCK) in wheat and fruit flies in citrus. These concerns are unfounded.

In addition to these two issues, we also have more general problems in our agricultural trade relationship with China. China's import restrictions on pork and poultry, for example, limit shipments from only a handful of U.S. plants. I believe you received a letter this week from 20 senators calling for more open access in China for U.S. pork. Finally, as part of an accession agreement, we must insist that China substantially liberalize its state trading and tariff regimes for a number of key commodities -- wheat, corn, rice, vegetable oil and cotton, for example.

In any case, the agricultural community will be expecting "agriculture" to be raised in your discussions with Jiang. Their view, and that of many in congress, will be that not taking advantage of the opportunity of this visit to raise these concerns will greatly weaken our hand in subsequent accession talks.

Daniel R. Glickman

8/1/96

Dear Mr. President -

I understand you are returning to Wyoming for vacation later this month.

While you are enjoying Yellowstone and the Tetons, keep in mind that they are surrounded by five of our best national forests. I know last year you enjoyed a raft trip hosted by one of our forests. We'd love to show you more of the recreation opportunities on our national forests. Let me know if we can help. Have a great time.

Dan

Office of the Secretary
Washington, D.C. 20250-0100

THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

3/26/97

Dear Mr. President —

I thought you might enjoy the attached article reviewing some important rice research being done in Arkansas. This targeted research is directly geared towards expanding rice exports into the Japanese market.

Dan

Jimmy Carter
The Carter Center
Atlanta, GA

USDA

From the desk of Dan Glickman, Secretary

7/12/97

Dear Mr. President -

Very much enjoyed, and agreed with, your article on biotechnology. Genetic engineering can help us produce more food in an environmentally sensitive manner. I am doing my best to convince those skeptics that sound science in this area can reduce the use of pesticides, reduce fragile soil tillage and increase yields. I hope we can work together to achieve these objectives. My best -

Dan Glickman

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

June 12, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY GLICKMAN

SUBJECT: Update on Commodity Market Developments

Although the price run-ups we witnessed from mid-April through mid-May have moderated in recent days, corn and wheat prices remain at extraordinary levels due to historically tight stocks, severely adverse weather conditions in primary grain producing areas, and continuing strong export demand.

Two of the most significant items in our most recent crop estimate, released June 12, were one, the wheat market will remain extraordinarily tight through the 1996/1997 marketing year (June 1, 1996 through May 31, 1997) largely as a result of adverse weather conditions lowering this year's harvest and two, the corn market will rebound only modestly this year's tightness once the new crop comes on because of poor spring planting conditions.

Wheat:

The 1995/96 wheat marketing year ended on May 31, 1996. Carryover stocks are estimated at 352 million bushels, which, as a percent of total wheat consumed, is the lowest in nearly 50 years. Wheat prices continue at record-high levels, reflecting tight supplies and poor prospects for the 1996 crop. Farmers received an estimated $5.81 per bushel for wheat in May, compared with $3.67 one year ago.

USDA's June's forecast of the 1996 wheat crop was 2.080 billion bushels, about 370 million bushels less than initially expected because of poor growing conditions for winter wheat in the Southern Plains and Midwest wheat states. We estimate that winter wheat harvested acreage will be the lowest since 1972, and winter wheat production will be slightly below 1991's weather-reduced crop. The forecast of the total 1996 wheat crop is 325 million bushels less than the amount of wheat consumed domestically and exported last year.

Consequently, the 1996/97 wheat marketing year is expected prove to be even tighter than the past year. Stocks will not be rebuilt, farm-level prices are expected to be record high for the year, $4.70-$5.30 per bushel, compared with $4.50 last year, and total use will have to be pared back from this year's level. The cutback in total use is expected to come in exports, with a 22-percent drop in volume, curtailed by the lack of supplies and improved crops in most foreign countries.

THE WHITE HOUSE

WASHINGTON

5/26/96

Dear Dan

I read your letter with appreciation and understanding. While I would like to see us win a Kansas Senate seat, especially this year, I value your work in the Administration and want you to continue, especially in areas where we know we need to really progress and to protect the things we believe in —

Thanks —

Bill Clinton

Dear Dan:

I read your letter with appreciation and understanding.

While I would like to see us win a Kansas Senate seat, especially this year, I value your work in the Administration and want you to continue, especially in areas where we know we need to really progress and to protect the things we believe in.

Thanks,

Bill Clinton

THE WHITE HOUSE

WASHINGTON

October 21, 1997

The Honorable Daniel R. Glickman
Secretary of Agriculture
Washington, D.C. 20250

Dear Dan:

Thank you for participating in the White House Conference on Climate Change and for leading one of the discussion sessions with conference attendees.

As I said at the Conference, popular democracies are better at responding to immediate crises than to long-term problems such as this one, which play out across decades. But we must address the challenges presented by climate change, and by coming together to discuss these challenges we have taken a good step in the right direction.

The Vice President and I saw this conference as a unique opportunity, both to discuss this issue with the American people, and to hear the concerns of important opinion leaders. Giving those who attended the conference a forum to express their views and to have these views taken into account by the Administration made a real difference. Thank you for helping to make these sessions, and the whole conference, a real success.

Sincerely,

Bill Clinton

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

October 28,1997

MEMORANDUM FOR THE PRESIDENT

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In any case, the agricultural community will be expecting "agriculture" to be raised in your discussions with Jiang. Their view, and that of many in congress, will be that not taking advantage of the opportunity of this visit to raise these concerns will greatly weaken our hand in subsequent accession talks.

THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

6/29/99

Mr. President.

I wanted you to see the attached article on the farm crisis, particularly before you go out on the new markets tour.

Dan

Lottery
Military
Money
Movies
Music
Nation-World
NBA
NBC

sector that is problematic.

To old-timers in rural America, today's farm crisis may look like the latest in a long line of tough times. After all, farmers have faced hardship every decade this century, and prosperity always has returned.

Harvests of Risk, which runs one Sunday a month from June to October, is a collaboration of the following Knight Ridder newspapers:

6/29/99

THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

Mr. Vice President -
I thought you'd see the attached article on the farm crisis.

Dan

Military
Money
Movies
Music
Nation-World
NBA
NBC

To old-timers in rural America, today's farm crisis may look like the latest in a long line of tough times. After all, farmers have faced hardship every decade this century, and prosperity always has returned.

runs one Sunday a month from June to October, is a collaboration of the following Knight Ridder newspapers:

THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

6/29/99

Dear Gene -

I wanted you to see the attached article on the farm crisis that Knight-Ridder papers are publishing. Things look very bad -

Dan

Military
Money
Movies
Music
Nation-World
NBA
NBC

To old-timers in rural America, today's farm crisis may look like the latest in a long line of tough times. After all, farmers have faced hardship every decade this century, and prosperity always has returned.

Harvests of Risk, which runs one Sunday a month from June to October, is a collaboration of the following Knight Ridder newspapers:

THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

Sally -
This very bleak article on agriculture is being disseminated by Knight-Ridder papers!
Dan

Military
Money
Movies
Music
Nation-World
NBA
NBC

To old-timers in rural America, today's farm crisis may look like the latest in a long line of tough times. After all, farmers have faced hardship every decade this century, and prosperity always has returned.

Harvests of Risk, which runs one Sunday a month from June to October, is a collaboration of the following Knight Ridder newspapers:

THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

6/29/99

Dear Jack —

I wanted you to see the attached Knight-Ridder article — It's a very bleak picture of American agriculture.

Dan

Military
Money
Movies
Music
Nation-World
NBA
NBC

To old-timers in rural America, today's farm crisis may look like the latest in a long line of tough times. After all, farmers have faced hardship every decade this century, and prosperity always has returned.

Harvests of Risk, which runs one Sunday a month from June to October, is a collaboration of the following Knight Ridder newspapers:

PRESIDENT CLINTON'S CLIMATE CHANGE PROPOSAL

October 22, 1997

Global climate change is the premier environmental challenge and opportunity of the 21st century, and the risks it poses justify sensible preventive steps. Addressing this issue is one of the United States' greatest imperatives, for this and future generations. Recognizing the solid foundation of climate science, President Clinton is committed to strong and sensible action to reduce greenhouse gas emissions -- including realistic and binding emissions targets.

Key elements of President Clinton's climate change proposal include:

- **Binding Targets to Reach 1990 Emissions Levels by 2008-2012 and Reductions Below 1990 Levels in the 5-Year Period That Follows.** A critical component of the President's comprehensive framework is a realistic, achievable, and binding target of reducing greenhouse emissions to 1990 levels by 2008-2012 and reductions below 1990 levels in the 5-year period that follows.

- **$5 Billion Program of Tax Cuts and R&D for New Technologies.** To spur energy efficiency and the development of new technologies, the President proposes a major new package of tax cuts and R&D spending amounting to $5 billion over five years.

- **Industry-by-Industry Consultations and Early Credit.** The Administration challenges key industries to prepare plans over the next 9 months on how they can best reduce emissions. To provide an incentive for near-term actions to cut emissions, the President is committed to ensuring appropriate rewards for firms that act early.

- **Developing Countries Must Participate.** Climate change is a global problem, and requires a global solution. That's why the United States has spear-headed joint implementation projects, and the President has committed that the United States will not adopt binding obligations without developing country participation.

- **Broad-Based Domestic and International Emissions Trading System Begins After A Decade of Experience Has Accumulated.** The President is committed to a market-based emissions trading system, both domestically and internationally, that will harness the power of the market to reduce emissions to 1990 levels by 2008-2012. The trading system would begin after a decade's worth of experience with tax incentives, R&D, early credit, electricity restructuring, Federal efforts, and other measures.

BINDING TARGETS: The U.S. binding target is realistic: It seeks to return U.S. emissions to 1990 levels in the period 2008-2012 and reduce them further thereafter. We reject the European proposal for more stringent early reductions, as well as the "do-nothing" approach of some interests. The target is achievable: By providing incentives for early action to reduce emissions, attacking domestic energy inefficiencies, and putting in place a market-based emissions trading system, we can reach 1990 levels in the proposed time frame with minimal economic costs. And it is meaningful: Achieving 1990 levels in the period 2008-2012 would amount to almost a 30 percent reduction off a business-as-usual path, an important first step on the road toward stabilizing greenhouse gas concentrations in the atmosphere.

SOLID PRINCIPLES: The President's five climate change principles include: that the policies should be guided by science, rely on market-based, common-sense tools, that we should seek win-win solutions, that global participation is essential to addressing the global problem of climate change, and that we must have regular common-sense reviews of the economics and science of climate change.

SOUND AND SENSIBLE THREE-STAGE APPROACH: Reflecting his five key principles, the President's plan includes three stages: Stage 1 includes priming the pump through programs such as R&D, tax incentives, incentives for early action, and Federal leadership, and industry consultations. Stage 2 builds upon the first stage by including a review and evaluation in preparation for the permit trading system. Stage 3 -- which does not occur for a decade -- involves meeting binding targets through a domestic and international emissions trading program. The President is committed to working with labor and Congress to insure that we give proper assistance to any workers dislocated by the changes in energy usage inherent in any climate change plan.

INITIAL ACTION PLAN: The President's immediate action plan includes 9 elements:

1. $5 Billion in Tax Cuts and Federal R&D: To spur energy efficiency and encourage the development and deployment of lower-carbon energy sources, the Administration supports a major new package of tax cuts and R&D spending amounting to $5 billion over five years.

2. Credit for Early Action: To provide an immediate incentive for near-term actions, the President is committed to ensuring that firms acting early are rewarded appropriately.

3. Industry-by-Industry Consultations: The Administration challenges key industry sectors to prepare plans over the next 9 months on how they can best reduce emissions.

4. Encouraging the Use of Energy-Efficient Products: The President will complement his tax incentives, commitment to early action credit, and industry consultations by engaging in a broad-based effort to expand the use of *existing* energy-efficient technologies.

5. Federal Procurement and Energy Use: The Department of Energy will spearhead a comprehensive effort to reduce greenhouse gas emissions from Federal sources.

6. Electricity Restructuring: To deliver a significant downpayment on emission reductions, while saving consumers billions, we will pursue a bold plan for electricity restructuring.

7. Setting a Concentration Goal: The United States supports developing a specific, long-term concentration goal with the assistance of the National Academy of Sciences and other bodies.

8. Bilateral Dialogues: In addition to pursuing agreement in Kyoto, the Administration will pursue bilateral dialogues with key developing countries to promote clean energy.

9. Economics and Science Reviews: The President proposes regular scientific and economic reviews. These reviews will ensure that policy-makers have the best possible information on climate change.

WIN-WIN: There are numerous win-win solutions to reducing carbon emissions. For example, a breakthrough in fuel cell technology announced yesterday will clear the way toward developing cars that are three times as efficient as today's models -- cutting pollution while also cutting driving costs.

INITIAL CLIMATE CHANGE ACTIONS

October 22, 1997

President Clinton has proposed nine immediate actions to begin addressing climate change:

*1. **Tax Cuts and Federal R&D:*** To spur energy efficiency and the development of lower-carbon energy sources, the Administration supports a major new package of tax cuts and R&D spending amounting to $5 billion over five years. Many of the ideas from the recent report of the President's Committee on Science and Technology (PCAST) will be considered in constructing this package.

*2. **Credit for Early Action:*** To provide an immediate incentive for near-term actions to cut emissions, the Administration is committed to ensuring that firms which act early are rewarded appropriately. We will work with companies to build a program that appropriately rewards those who take prompt and early actions before the beginning of the mandatory emissions budget period in Stage 3.

*3. **Industry-by-Industry Consultations:*** The Administration challenges key industry sectors to prepare plans over the next 9 months on how they can best reduce emissions, including how the Federal government can remove regulatory hurdles that discourage energy efficiency. The Administration will work in partnership with industry to develop sensible efficiency standards in a variety of areas.

*4. **Encouraging the Use of Energy-Efficient Products*:*** As the Department of Energy's 5-Labs study illustrates, many existing technologies produce win-win solutions to reducing carbon emissions -- but nonetheless are still not widely used. The President is committed to expanding their reach. He will therefore complement his other programs by engaging in a broad-based effort to expand the use of *existing* energy-efficient technologies -- while also spurring the development of *new* technologies.

*5. **Federal Procurement and Energy Use:*** To reduce greenhouse gas emissions from Federal sources, DOE will spearhead a comprehensive effort that includes expanded performance contracting to make Federal buildings more energy-efficient, improved Federal procurement of energy-efficient technology, and partnerships to improve the energy efficiency of Federal aircraft, ships and vehicles. Federal agencies will also be called upon to assess emissions in major initiatives.

*6. **Electricity Restructuring:*** To spur further efforts to clean our air and deliver a downpayment on greenhouse gas emission reductions, while saving consumers billions, we will pursue a bold plan to restructure the energy sector. It is time to change the rules that are often more than 70 years old -- stifling innovations that can save money and impede newer, cleaner technologies.

*7. **Setting a Concentration Goal for Greenhouse Gases in the Atmosphere*:*** The goal of the existing climate treaty is to stabilize concentrations of greenhouse gases, but the specific concentration has never been defined. The U.S. supports developing a specific, long-term goal, with the assistance of the National Academy of Science and other appropriate bodies.

*8. **Bilateral Dialogues*:*** In addition to pursuing agreement in Kyoto, the Administration will pursue bilateral dialogues with key developing countries to promote clean energy.

*9. **Economics and Science Reviews*:*** The President proposes regular scientific and economic reviews, to ensure that policy-makers have the best possible information on climate change.

BACKGROUND INFORMATION

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PRESIDENT CLINTON'S FIVE CLIMATE CHANGE PRINCIPLES

October 22, 1997

Global climate change is the premier environmental challenge and opportunity of the 21st century, and the risks it poses justify sensible preventive steps. Addressing this issue is one of the United States' greatest imperatives, for this and future generations. Recognizing the solid foundation of climate science, President Clinton is committed to strong and sensible action to reduce greenhouse gas emissions -- including realistic and binding emissions targets.

President Clinton's climate change plan is based on **five key principles:**

- **Guided by science.** The vast majority of the world's scientists have concluded that if the countries of world do not work together to cut greenhouse gas emissions, temperatures will rise and disrupt the global climate. Indeed, most scientists say this process has already begun. But there is much we still don't know about how the climate and human health will react to increased greenhouse gas concentrations. That's why the President's plan includes regular science reviews, to ensure that our policies are guided by the best science available.

- **Market-based, common-sense tools.** We have learned that the costs of protecting the environment is substantially lower if we harness the power of markets to do so. That's why the President's plan emphasizes flexible and market-based mechanisms. His plan includes a domestic and international permit trading system for greenhouse gas emissions, similar to the highly successful permit trading system that has dramatically cut acid rain at a fraction of the predicted cost.

- **Seek win-win solutions**. There are a multitude of win-win solutions to reducing carbon emissions, that can improve our energy efficiency and save consumers money. For example, a breakthrough in fuel cell technology announced yesterday will clear the way toward developing cars that are twice as efficient as today's models -- cutting pollution while also cutting driving costs. The President believes that we must seek such win-win solutions to addressing climate change.

- **Global participation**. Climate change is a global problem, and requires a global solution. A ton of carbon emitted in Argentina has just as much effect on the global climate as a ton of carbon emitted in the United States -- and within the next few decades, emissions from developing countries are expected to exceed those from developed countries. And many win-win opportunities exist to reduce greenhouse gas emissions in developing countries. That's why the United States has spear-headed joint implementation projects and the President has committed that the United States will not adopt binding obligations without developing country participation.

- **Common-sense economic reviews.** Our knowledge of the challenges and opportunities we face will grow over time. Therefore, the President is calling for regular 5-year economic reviews and updates, to ensure that policy-makers, both in the Administration and in Congress, have the best possible information on how the economy is responding to the effort to address climate change, how other countries are performing relative to their own commitments, and how the climate is changing in response to human activities.

THE PRESIDENT'S THREE-STAGE PLAN ON CLIMATE CHANGE

October 22, 1997

Reflecting his five key principles, the President's plan will proceed in three stages:

- **Stage 1: Priming the Pump Through R&D, Tax Incentives, Incentives for Early Action, Federal Leadership, and Industry Consultations.** The first stage of the President's package includes a 9-point action plan -- including $5 billion in tax incentives and spending for R&D and energy efficiency, incentives for early action, a set of Federal government energy initiatives, and industry-by-industry consultations to explore their best ideas on how to reduce emissions in a cost-effective manner (including market-oriented standards for energy efficiency). The first economic review would occur near the end of Stage 1.

- **Stage 2: Review and Evaluation.** The second stage, which would begin around 2004, will build upon the programs adopted in Stage 1, by including a review of our progress and an evaluation of next steps as we move toward a market-based permit trading system for carbon emissions. During this second stage, the details of the permit system would be refined and perhaps tested. Such a permit system is similar in concept to the one that dramatically cut acid rain emissions -- although the scale would be significantly larger than the current acid rain program. The second economic review would occur near the end of Stage 2.

- **Stage 3: Meeting Binding Targets Through Domestic and International Emissions Trading Program.** In the third stage, we would reduce emissions to 1990 levels by 2008-2012, and below 1990 levels in the 5-year period after that, through a market-based domestic and international emissions trading system. Before beginning this third stage, the second economic update and review would allow Congress and the President to evaluate how the economy had responded to a decade's worth of experience in the first two stages of the President's plan. The President is committed to working with labor and Congress to insure that we give proper assistance to any workers dislocated by the changes in energy usage inherent in any climate change plan.

This three-stage program recognizes the long-term nature of the effort to address climate change in three ways:

- By adopting a graduated approach to emissions reductions, it allows us to exploit the tremendous opportunities for win-win reductions first.

- By adopting a system of regular scientific and economic updates and reviews, it allows us to monitor our progress and re-assess our success in reducing emissions, the state of scientific knowledge, and how the economy is responding to our efforts. Only after we have accumulated ten years of experience with the first two stages of the program would we enter the internationally binding period.

- By insisting that the United States will not adopt binding obligations without developing country participation and by emphasizing the importance of an international trading system and joint implementation, we take advantage of low-cost reduction possibilities wherever they occur -- either here or abroad.

COMPREHENSIVE FRAMEWORK FOR EFFECTIVE, SENSIBLE ACTION

October 22, 1997

GREENHOUSE GAS EMISSION REDUCTION TARGET

Under the current international climate change agreement (signed in Rio de Janeiro in 1992), industrialized countries accepted a non-binding emissions reduction goal. Most nations, including the United States, will fall short of meeting it. This fact, coupled with better scientific evidence on the seriousness of the climate change threat, led the U.S. to propose last year that a new agreement set binding limits on emissions. The proposed U.S. emissions target is designed to provide important environmental gains while maintaining strong economic growth. It is:

- **Realistic.** Seeks to return U.S. emissions to 1990 levels in the period 2008-2012 and reduce them further thereafter. Rejects European proposal for more stringent early reductions, as well as the "do-nothing" approach of some interests.

- **Achievable.** By providing incentives for early action to reduce emissions, attacking domestic energy inefficiencies, securing flexible international implementation mechanisms, and putting in place a market-based domestic emissions trading system, the U.S. can reach 1990 levels in the proposed time frame with minimal economic costs.

- **Meaningful.** Achieving 1990 levels in the period 2008-2012 would amount to almost a 30 percent reduction off a business-as-usual path, an important first step on the road toward stabilizing concentrations of greenhouse gases in the atmosphere. Emissions accounting will include all greenhouse gas sources and sinks (including reforestation).

FLEXIBLE, MARKET-BASED IMPLEMENTATION

Just as the effects of climate change will be felt globally, so too are the causes of climate change global in nature. Greenhouse gas emissions do equal harm to the atmosphere whether they come from a coal plant in China or a bus in Boston. For this reason, any regime to reduce greenhouse gases must be global. It must also allow all nations the ability to seek out the most efficient way of reducing emissions so that the greatest gains are achieved at the least cost. For these reasons, the United States strongly supports the inclusion in a new climate change agreement of two innovative, flexible mechanisms for reducing emissions:

- **International Emissions Trading --Using Markets to Lower Costs.** The principle of emissions trading is to use the efficiency of the market place to achieve environmental objectives at the lowest possible cost. Under an international emissions trading regime, a country (or firm) would be able to meet its emissions reduction target by reducing pollution itself, purchasing reductions from another country (or firm) that was able to achieve excess gains, or some combination of both.

- **Joint Implementation --A Global Solution to Low-Cost Reductions.** Joint Implementation (JI) is an innovative, market-based approach for addressing global climate change that uses international partnerships to achieve low-cost reductions in greenhouse gas emissions. Under JI, a company in the United States invests in a project which reduces emissions in another country and uses those reductions as a less expensive means of meeting its own target.

PARTICIPATION OF DEVELOPING COUNTRIES

In addition to its non-binding emissions reduction aim for developed countries, the Rio climate change agreement required all countries to take policies and measures to reduce emissions. Many developing countries have made real strides, through, for example, reducing energy subsidies. Nevertheless, given that developing country emissions will eclipse those from the developed world within several decades, these countries need to do more. Accordingly, the U.S. calls on developing countries to strengthen their existing commitments and to agree that their obligations must increase over time to include binding emissions limits. Our principles include:

- **Global Participation.** All countries must participate. Every nation would be required to take meaningful actions to limit emissions. The U.S. will not assume binding obligations until developing countries agree to participate meaningfully in the challenge of addressing climate change.

- **Equity.** The obligations of poorer and less developed countries should take into account their state of economic development and their relative contribution to the climate change problem.

- **Assistance.** While insisting that developing countries take meaningful actions to address climate change, the U.S. recognizes that many of these countries face significant development challenges that hamper their ability to reduce emissions. President Clinton is reemphasizing his commitment to working with these nations to help build more sustainable energy futures. This includes a $1 billion package of assistance from USAID and a renewed commitment to provide financial assistance through the Global Environment Facility, as well as our pathbreaking joint implementation proposals.

FACT SHEET ON INTERNATIONAL EMISSIONS TRADING

October 22, 1997

Description

The principle of emissions trading is to use the efficiency of the market place to achieve environmental objectives at the lowest possible cost. Under an international emissions trading regime, a country (or firm) would be able to meet its emissions reduction target by reducing pollution itself, purchasing reductions from another country (or firm) that was able to achieve excess gains, or some combination of both.

Given an effective international regime, emissions trading provides a powerful incentive for nations to reduce below the amount required and then sell excess reductions to others who in turn avoid more costly actions. The U.S. has proposed that emissions trading be permitted among all countries that agree to a binding emissions target.

How it would work

Consider a simplified example for how international emissions trading might work. Country A and Country B must reduce emissions by 100 tons each. It might cost each country $1,000 to reduce 100 tons individually for a total cost of $2,000. However, if Country A could reduce its emissions by 200 tons for a total cost of $1,500 and sell half of these reductions to Country B, the overall target would be achieved for $500 less, a savings of 25 percent.

U.S. experience

Emissions trading is being used successfully at the domestic level to reduce sulfur dioxide emissions (which cause acid rain) under the Clean Air Act. Achieving targeted reductions was originally estimated to cost $5 billion annually if traditional controls had been required and $4 billion with emissions trading. A GAO estimate after the initial stage of emissions trading now puts the cost at $2 billion per year, or 60 percent below the original estimate with pollution reductions significantly ahead of schedule. Emissions trading has also been successful in cutting the costs of phasing out leaded gasoline and in curbing the production of chlorofluorocarbons which deplete the ozone layer.

Cost savings

According to the 1997 Economic Report of the President, international emissions trading for carbon dioxide could lower the cost of reductions by 50 percent below the minimum achievable using purely domestic programs.

FACT SHEET ON JOINT IMPLEMENTATION
October 22, 1997

Description

Joint Implementation (JI) is an innovative, market-based approach for addressing global climate change that uses international partnerships to achieve low-cost reductions in greenhouse gas emissions. Under JI, a company in the United States invests in a project which reduces emissions in another country and uses those reductions as a less expensive means of meeting its own target. The U.S. has proposed that a formal regime that gives credit for JI projects be part of a new climate change agreement.

How it would work

Consider the example of a project announced today as part of a pilot program on joint implementation instituted by the United States. Two U.S. companies (Solar Electric Power and Light of Washington, D.C. and Trexler and Associates, Inc of Oak Grove, Illionois) will work with Renewable Energy Services Company of Asia, Ltd. to market and install 812,000 solar home systems in Sri Lanka. These systems will replace the use of kerosene lamps for lighting and the use of diesel-electric charging of lead-acid batteries for powering small home appliances. The result will be a 1.5 million metric ton reduction in greenhouse gas emissions and cleaner energy for tens of thousands of people.

U.S. experience

Under the U.S. pilot program on JI (formed under the existing climate change convention), 28 projects have been approved in 12 countries, including Costa Rica, Bolivia, the Czech Republic, and Russia. These projects span a range of technologies, including solar, geothermal, and wind power; fuel switching for district heating; biomass energy; and reforestation. U.S. companies and organizations already participating include Commonwealth Edison, Wisconsin Electric Power, Kenetech Windpower, Sealweld Corp., American Electric Power, PacificCorp, Detroit Edison, Clean Air Coalition, and many others.

Benefits

Lower costs: JI provides a strong incentive for companies and countries to search the globe for the lowest cost ways of reducing greenhouse gas emissions.

Expanded exports of U.S. technology: The enormous potential for JI projects around the world creates major opportunities for the increased sale of U.S. energy efficiency and alternative energy technologies.

Technology transfer: Increased reliance on more energy efficient technologies and less carbon-intensive energy alternatives will help developing countries meet their growing energy needs with more environmentally sustainable solutions.

FACT SHEET ON ELECTRICITY RESTRUCTURING
October 22, 1997

As part of his climate change initiative, President Clinton announced his support for appropriately crafted electricity restructuring legislation that will save consumers billions of dollars while reducing carbon emissions.

Description

The electricity sector is our nation's most capital intensive industry -- and has sales of over $200 billion. Under electricity restructuring, competition would be the primary mechanism to set electricity generation prices. Utilities would open up their distribution and transmission wires to all qualified sellers. The transmission and distribution of electricity would continue to be regulated because they will remain monopolies for the foreseeable future. The system would be restructured, not deregulated. Done correctly, this process can save consumers in their utility bills and reduce carbon emissions. A properly structured retail competition system can deliver electricity more efficiently, and just as reliably, as our present system of regulated monopolies.

Cost savings

Most experts are confident that restructuring will reduce the cost of electricity, although there is a diversity of views over the potential size of the savings. Because the industry is so large, even modest savings represent billions of dollars. DOE economists estimate potential savings of $20 billion a year, which would mean average direct savings of about $100 a year to a typical family of four and indirect savings to such a family through lower cost goods and services of about another $100 a year. Other studies predict far larger savings.

Carbon reductions

With appropriate market-based provisions, electricity restructuring legislation could reduce carbon emissions by creating incentives to produce and use electricity more efficiently and with less pollution. As emphasized at the White House Conference on Climate Change, two-thirds of the energy used to produce electricity is currently wasted. Restructuring should introduce incentives for reducing this waste heat. Restructuring legislation could also include other provisions -- such as various incentives and mandates to promote energy efficiency and renewable energy -- that offer potential carbon savings.

Next steps

The Administration looks forward to working with interested parties on crafting comprehensive electricity restructuring legislation.

FACT SHEET ON FEDERAL ENERGY MANAGEMENT
October 22, 1997

Aggressive energy management can substantially reduce carbon emissions from the activities of the Federal government, which has the nation's largest energy bill at almost $8 billion per year. Significant strides have already been made --energy consumption per square foot in Federal buildings is down 15 percent and energy use in civilian and military vehicles is down about 27 percent from 1985 levels. However, we can do much more.

The initiatives below will reduce Federal emissions of greenhouse gases through enhanced focus on energy efficiency and renewable energy. They address areas which can deliver the greatest energy savings, best leverage private sector funding and improve the Federal procurement system.

1. Expand Energy Savings Performance Contracting

- Expand use of Energy Savings Performance Contracts. ESPC uses private investment capital and expertise to accomplish energy and cost saving projects in Federal facilities. When a private sector firm which has invested in federal energy efficiency improvements is fully repaid from its share of the delivered savings, all additional savings accrue to the government. Streamlined ESPC contracts put in place by DOD and DOE are beginning to speed large investments in energy projects at Federal facilities. However, use of ESPC's is still limited in the Federal government. The Office of Management and Budget will lead an effort to increase their use. It will include new policy and budget guidance for agencies. ESPC authority can also be extended to other areas including:

- *Leased Federal buildings.* These include buildings where the Government either pays for the energy use directly or in other building where ESPC can provide a better lease for the Government.

- *Federal mobility.* There may be great potential for energy savings from more efficient energy use in aircraft, ships and vehicles.

- *Water conservation.* Water conservation projects save energy because each gallon contains energy from pumping, heating, chilling or treatment.

- *Non-federal facilities* where the Government makes indirect payment of energy expenses. These include, for example, National Guard facilities which the state owns but where the Federal Government covers utility expenses and public housing facilities which are Federally supported but owned by public housing authorities.

- *State and local government facilities.* Federal energy experts can help transfer ESPC techniques to state and local governments so they can access this important approach to energy efficiency.

2. Improve Federal Procurement of Energy Efficient Technology

- *Accelerate the development of Product Energy Efficiency Recommendations.* These cover products that are in the top 25 percent of their class for energy efficiency or have Energy Star ratings, for example electric motors and air conditioning chillers. They provide a guide to Federal purchasers

of the energy efficiency level to request in a specification or procurement.

- *Establish as standard practice, the purchase of energy efficient products for Government use.* Traditionally, federal purchases have been based on lowest price, ignoring the substantial savings many energy efficient products can achieve over their life. The Executive Office of the President will lead an interagency team to streamline and update Executive Orders and procurement practices to encourage the acquisition of these products. Use of alternative contracting vehicles to acquire energy-efficient products will be encouraged, and purchase of products in the top 25 percent of class for energy efficiency or conforming to Energy Star standards will become standard practice, subject to necessary exceptions. The initiative will be augmented by publication of a "best practices" buying guide and expanded training of purchasing decision-makers.

- *Use consolidated purchasing to stimulate markets and lower prices.* Consolidated Federal purchasing can stimulate commercial markets for new and emerging products which offer greater energy efficiency, lower operating costs, and sales opportunities for small businesses that produce these products.

- *Increase Federal procurement of renewable energy.* In states that have implemented retail competition in their electricity industry, Federal facilities will work with their suppliers to ensure that the facilities purchase competitively supplied non-hydro renewable energy at levels equivalent to the percentage specified in that state's retail competition legislation.

- *Report Federal Agencies' Contributions to Reduction of Carbon Emissions.* This initiative will develop an appropriate measurement methodology to convert currently available data on Federal energy use to carbon emissions to aid national carbon reduction efforts.

3. Building for the 21st Century

- *Establish a new level of excellence for Federal building construction and renovation that incorporates energy efficiency, quality, affordability, and sustainability.* By using the latest construction techniques and tapping the knowledge of the building community and local partners, agencies will work to ensure that new Federal buildings achieve energy efficiency increases of 30-50 percent by 2000 as compared to existing facilities. This will be accomplished through a "whole building" approach that treats buildings as integrated systems rather than a series of independent component selections.

- *Deploy solar technologies in Federal buildings.* Show Federal leadership by installing solar photovoltaic and solar thermal systems on 20,000 Federal roofs by 2010 in support of the President's 'Million Solar Roof Initiative'. Utilize alternative financing methods to provide the rapid infusion of investment necessary to support the cost-effective installation of these systems.

- *Expand the use of combined heat and power generation at Federal facilities.* Combined heat and power makes greater use of the waste heat produced in the generation of electricity.

- *Use biomass fuels in Federal boilers.* Biomass would come from agricultural and wood waste and methane from landfill and treatment plant operations.

- *Expand public awareness of energy efficient technologies.* By showcasing energy efficient and

renewable energy technologies at National Parks, Federal offices, embassies, military bases, and other facilities the public will be more aware of their potential to reduce pollution and lower costs.

- *Seek increased resources for civilian agency staffing to expand energy management activities and complete energy efficiency projects.* In recent years, budgets for energy management in several key agencies have been cut by more than 80 percent. These Federal appropriations often provide the most cost-effective funding for Federal energy efficiency projects.

4. Improve Aircraft, Ship, and Heavy Vehicle Fuel Efficiency

- *Public-Private partnerships to improve the energy efficiency of Federal aircraft, ships and vehicles.* Energy use in Federal aircraft, ships and vehicles, predominantly in the military services, is responsible for 43 percent of the $8 billion Federal energy bill. This initiative would improve the energy efficiency of main propulsion systems, with particular emphasis on medium and heavy diesel engines and high performance turbine technology. The initiative -- designed along the lines of the Partnership for a New Generation of Vehicles -- would involve a partnership between Federal agencies and the private sector. Advances under this initiative will have significant application in commercial markets. In addition, the initiative will focus on near-term energy efficiency opportunities such as lighting retrofits on ships.

- *Increase the use of alternative fueled vehicles (AFVs) in the Federal fleet.* Federal agencies are increasing the use of alternative fuel vehicles which, among other things, helps reduce emissions of greenhouse gases. This initiative would enhance the focus of the current program on AFVs such as electrics, hybrid-electrics, natural gas and renewable-fueled vehicles.

5. Greenhouse Gas Assessments

- Federal agencies will be required to assess their greenhouse gas emissions in major actions they undertake.

FACT SHEET ON U.S. GLOBAL CHANGE RESEARCH PROGRAM

October 22, 1997

Background: The U.S. Global Change Research Program (USGCRP) is a National Research Program conducted under the auspices of the National Science and Technology Council (NSTC) Committee on Environment and Natural Resources. The NSTC is a cabinet-level council established by President Clinton in November 1993 to coordinate Federal science and technology efforts. The program's fundamental purpose is to increase understanding of the Earth system, and of human and naturally induced changes in the Earth's environment, and thus provide a sound scientific basis for decision making on global change issues. The USGCRP began as a Presidential Initiative, and was codified by the Global Change Research Act of 1990. The overall FY 1997 USGCRP budget was $1.81 billion.

The core program of the USGCRP is focused on four key scientific areas:

• *Seasonal to Interannual Climate Variability:* The development and refinement of forecasts of seasonal and interannual climate variability, including study and prediction of the El Niño phenomena.

• *Climate Change Over Decades to Centuries:* Analysis and projection of the effects of long-term climate change on natural resources, public health, and socio-economic sectors.

• *Changes in Ozone, UV Radiation, and Atmospheric Chemistry:* Research on the causes, rate, magnitude, and human health and ecological consequences of changes in stratospheric ozone, UV radiation, and atmospheric chemistry.

• *Changes in Land Cover and Terrestrial and Aquatic Ecosystems:* Research on the causes and consequences of land-cover changes, and on basic processes governing the functions and structure of terrestrial, aquatic, and marine ecosystems.

New Research Directions: Global change research is providing the information about the changing Earth system, and in particular, about climate change, that is needed to achieve a sustainable future. New research efforts include:

• *A National Assessment of Climate Change Impacts* to aggregate information across regions and sectors, analyze national-scale consequences, and support development of mitigation and adaptation strategies.

• *Improved Regional-scale Analyses*, including regional estimates of the rate and magnitude of climate change, analyses of the environmental and socio-economic consequences of climate change in the context of other stresses, and integrated assessments of the implications for society and the environment of climate change.

• *Regional Workshops* to examine the vulnerabilities of various regions of the United States to climate change.

FACT SHEET ON PNGV
October 22, 1997

Announced at the White House on September 29, 1993 by President Clinton, Vice President Gore, and the CEOs of the domestic auto makers, the Partnership for a New Generation of Vehicles (PNGV) is a partnership between the U.S. Federal government (7 agencies and 20 federal laboratories) and Chrysler, Ford, and General Motors that aims to strengthen America's competitiveness by developing technologies for a new generation of vehicles. Its programs include research support for over 350 automotive suppliers, universities, and small businesses.

PNGV's long-term goal is to develop production prototypes of an attractive, affordable car that can meet all applicable environmental and safety times and achieve up to three times the fuel efficiency of a comparable automobile sold today. This would mean that a typical midsize car would be able to achieve 80 mpg. The partnership also aims to (i) improve automotive manufacturing, and (ii) introduce efficiency technologies into production vehicles as soon as they are economically justified.

There are numerous reasons for pursuing PNGV, including:

- **Environmental:** Automobiles are a major contributor to atmospheric carbon dioxide, a major greenhouse gas. Already, concentrations of carbon dioxide are 25 percent higher than pre-industrial levels and are expected to double within the next century. Since the number of registered vehicles in the United States is expected to climb from 194 million in 1993, to as many as 270 million in 2010, PNGV's success is critical to any program of controlling US and world greenhouse gas emissions. It will also result in low cost methods for controlling the emissions that contribute to urban air pollution.

- **Reducing U.S. Dependence on Foreign Oil**: The United States currently imports 50 percent of the oil we consume -- this share is expected to grow to more than 60 percent by 2010. Petroleum imports make up ten percent of our country's import inventory and account for a large chunk of the nation's trade deficit. This dependence on foreign oil makes the United States vulnerable.

PNGV Status Report: The industrial partners are now in the process of selecting technologies that will be included in concept vehicles that will be completed by the turn of the century. The federal agencies are working to revise their research priorities to support both technologies that can be incorporated in production prototypes for 2004 and that can be integrated into even more advanced vehicles that would be designed in later years.

The goal of the program, while extremely ambitious, still seems possible given the advances in key technology that have been achieved during the life of the program. These include advances in production of low-cost, light-weight materials for the vehicle body and frame; electrical control systems, batteries; and compact, inexpensive fuel cells -- including the new technology for using gasoline to power fuel cells announced yesterday; and, advanced internal combustion engines for use in hybrid vehicles.

FACT SHEET ON FUEL CELLS
October 22, 1997

THE BREAKTHROUGH: A gasoline-powered technology that would allow you to double the fuel efficiency of a car and emit half the greenhouse gases and virtually no other air pollution. For the first time, gasoline was used to produce electricity from a pollution-free fuel cell, allowing the use of the existing gasoline infrastructure. Previously, fuel cells have been powered by hydrogen or methanol, which are less convenient for use in cars.

The Department of Energy, together with Los Alamos National Laboratory, and A.D. Little, have developed a breakthrough fuel processor, which can extract hydrogen from gasoline and other fuels such as ethanol and natural gas. Last week, this fuel processor was combined with a fuel cell from Plug Power to demonstrate for the first time that a fuel cell electric car could be fueled by gasoline or ethanol. This eliminates the limited driving range and lengthy recharging times associated with electric cars that run on batteries.

WHAT IS A FUEL CELL: The fuel cell converts the chemical energy of a fuel directly into usable electricity and heat without combustion. Fuel cells are similar to batteries in that both produce a direct current by means of an electrochemical process, but fuel cells can operate indefinitely as long as fuel is supplied to them. Fuel cells can provide power for cars and other applications, such as electricity and hot water for buildings.

The Department of Energy working with its partners has brought down the cost of proton exchange membrane (PEM) fuel cells by a factor of twenty in the last ten years. Continued R&D, coupled with the economies of scale from mass production of fuel cells as they enter the marketplace, should allow us to maintain this pace of cost reduction for another decade.

PARTNERSHIP FOR A NEW GENERATION OF VEHICLES (PNGV): The fuel cell breakthrough was accomplished as part of President Clinton's PNGV initiative, an innovative partnership between the government, the national laboratories, the big three automakers, and their suppliers. PNGV's goal is to develop a family-sized vehicle with triple the fuel efficiency of today's cars, without compromising cost or convenience.

POTENTIAL GREENHOUSE GAS REDUCTIONS: One-third of the nation's carbon dioxide emissions comes from the transportation sector, primarily cars. Fuel cell technology alone can directly double fuel efficiency and cut carbon dioxide emissions in half. In combination with other PNGV advances, such as lightweight materials and regenerative breaking, fuel cells will allow a tripling of fuel efficiency and a further reduction in greenhouse gas emissions. Powering the fuel cell with renewable fuels, such as ethanol, could eliminate automotive greenhouse gas emissions entirely in the long run. The buildings sector also generates one-third of the nation's emissions of carbon dioxide. A building that uses the electricity and hot water from a fuel cell fueled by natural gas would have about half of the greenhouse gas emissions of the average building today. Plug Power expects to introduce fuel cells for homes and other buildings in 2000 that will provide electricity for less than the current residential rate. By 2010, fuel cells in buildings could be providing emissions savings of five million metric tons of carbon.

FACT SHEET ON PATH
October 22, 1997

What is PATH? We are working to develop a partnership for 21st century housing bringing together government and industry to develop, demonstrate and deploy housing technologies, designs and practices that can significantly improve the quality of housing without raising the cost of construction. The **Partnership for Advancing Technologies in Housing** includes government (DOE, HUD, EPA, Labor, Commerce, FEMA, and DOD) and industry working together develop, demonstrate and deploy housing technologies and practices so that homes can be built cheaper, more environmentally sustainable, more disaster resistant, and provide a safer working environment.

PATH has a five-part approach:

- Industry-driven research on new technologies and practices
- Working with industry on pilot programs building thousands of marketable houses
- Streamlining of federal, state and local codes and regulations
- Judicious use of existing authority on standards
- Information campaign to influence consumer demand

R&D: Support more funds for accelerated research and demonstration of inexpensive, highly efficient, highly attractive housing. Link with million solar roofs program.

Standards: The success of PATH will in some part be based on utilizing existing authorities on standards for a select few products that have the potential for great savings. There are five appliance/products currently under review by DoE; Clothes Washers, Ranges/Ovens, Ballasts, Residential water heaters, transformers. Of these, the Clothes Washers and Water Heaters seem to have greatest potential.

Creating Markets: The key to making the Partnership successful will be the ability to create markets and consumer demands for homes that meet the PATH goals. The Partnership will work with states and communities to help them understand the benefits of building these homes, and the opportunities it affords the communities for economic growth. The Partnership will attempt to gain agreements between communities that PATH homes can go through an expedited permitting process.

Education and Outreach: Marketing the benefits of these homes to consumers and to encourage consumers to begin to ask for homes that are built to the quality level of >PATH= homes. This will need to be an intensive campaign of getting the message out to communities, builders and developers. This will provide incentives for more and more builders to want to build these homes.

Pilots: The pilots will play an important role in the success of PATH. The pilot sites will begin of developing the markets and demonstrate the feasibility of the homes. The pilot sites can also act as training sites for builders and community leaders to learn about the benefits of the technologies and as a classroom for training on how to use the technologies. Sites under consideration are Stapleton Airport, Denver (Redevelopment of old airport site near downtown) and Florida (Working with the State to link energy and environment to disaster resistance and affordability).

Regulatory Streamlining: Working with states and communities on making the code approval process more efficient and less time consuming.

FACT SHEET ON POTENTIAL INDUSTRY SECTOR SAVINGS

October 22, 1997

The industrial sector produces approximately one-third of total U.S. emissions. We can cut emissions substantially in this sector through the right mix of tax incentives, accelerated research and development, electricity restructuring, and environmental regulatory reinvention. According to a recently released report from five of the nation's energy laboratories, programs such as the ones below can reduce emissions in the industrial sector in 2010 by 28 million metric tons even with no increase in energy prices.

Increasing Energy Efficiency: Energy audits encourage systematic approaches to energy efficiency that typically have high yields. Southwire Corporation, a large manufacturer of wire, rod, and cable, cut their use of natural gas by 60 percent and cut electricity use by 40 percent per pound of product produced. Motors consume 70 percent of industrial electricity used, and there is room for improving their efficiency. The Greenville Tube Company, for example, increased productivity by 15 percent, increased energy efficiency by 30 percent, reduced scrap by 15 percent, and achieved $77,000 per year savings -- a 6 month payback -- by improving the efficiency of their motors.

Cogeneration (Combined Heat and Power): New technologies available in the industrial sector will allow us to capture the waste heat the U.S. now throws away. With the right policies, industrial cogeneration of natural gas or biomass could cut annual carbon emission significantly by 2010. Advanced turbines developed by DOE with industry will be available in three years (orders are already being taken). They have an overall efficiency of 80 percent to 90 percent, produce steam together with low-cost electricity and significantly reduce NOx emissions. These turbines can run on natural gas or biomass. Some industries have their own low-cost biomass feedstocks (for example, black liquor gasification in the pulp and paper industry), which makes possible cogeneration with nearly zero carbon emissions.

Expanding Industries of the Future: The seven most energy-intensive industries—steel, aluminum, petroleum refining, chemicals, pulp and paper products, glass, and metal casting—account for about 80 percent of the carbon emissions in U.S. manufacturing and more than 90 percent of the hazardous waste. Industry, partnering with the Department of Energy, has developed long-term visions of energy-efficient, low-polluting, highly competitive "Industries of the Future" as well as technology roadmaps to identify an R&D and deployment pathway to achieving the vision. Visions typically foresee annual energy efficiency improvements of 1.0 percent to 1.5 percent for two decades.

FACT SHEET ON POTENTIAL BUILDINGS SECTOR SAVINGS

October 22, 1997

The buildings sector also produces approximately one-third of total U.S. emissions. There is substantial opportunity to improve the energy efficiency of our buildings and the appliances in them. Many of these technologies improve the quality of service delivered (i.e. higher quality lighting), and have also been documented in a number of cases to improve productivity. According to a recently released report from five of the nation's energy laboratories, programs such as the ones below can reduce emissions in the buildings sector in 2010 by 25 million metric tons even with no increase in energy prices.

Standards: Substantial carbon emissions reductions in 2010 can be achieved through existing authority of the Department of Energy to establish market-oriented efficiency standards for appliances, such as refrigerators and air conditioners. The Department of Energy uses a consensus-based approach in which manufacturers, environmentalists, consumer advocates, and the states work together to develop applicable standards.

Voluntary Programs: Significant carbon reductions in 2010 could also be achieved by expanding voluntary programs such as the joint EPA–DOE Energy Star program. Energy Star labeling has already transformed a number of markets. For example, it has cut the energy used by computers, monitors, and printers by 50 percent at virtually no incremental cost. It is now being extended to dozens of other products.

Adopting Best Electricity Engineering Practices: Electronic equipment consumes electricity in stand-by mode (even when not being used) generating 12 MMTs of carbon emission each year. Preliminary analysis suggests that 80 percent of that could be saved through adopting best engineering practices without reducing service.

Research and Development: Designing buildings with advanced technology can reduce energy consumption by 25 to 50 percent without increasing the building's initial cost. The extra cost of some of the energy-efficient equipment is offset by the smaller required heating and cooling system.

Combined Heat and Power: As in industry, we can reduce the carbon intensity of the buildings sector by accelerating the use of combined heat and power (CHP). Two CHP technologies—small turbines and proton-exchange membrane (PEM) fuel cells—can convert natural gas to useful energy with 80 to 90 percent efficiency, significantly cutting carbon emissions from a building.

FACT SHEET ON POTENTIAL TRANSPORTATION SECTOR SAVINGS

October 22, 1997

The transportation sector produces approximately one-third of total U.S. emissions. According to a recently released report from five of the nation's energy laboratories, programs such as the ones below can reduce emissions in the transportation sector in 2010 by 73 million metric tons even with no increase in energy prices.

High Efficiency Cars And Light Trucks: The goal of the President's Partnership for a New Generation of Vehicles is to produce cars that are three times more efficient than current vehicles with no compromise in size, safety, comfort or cost. The objective is a production prototype vehicle with a fuel efficiency of 80 mpg in 2004 and commercial availability soon after. A variety of efficient technologies such as hybrid vehicle design, advanced engines, regenerative braking and lightweight materials are under development. These technologies are also applicable to light trucks and sport utility vehicles, so that a PNGV for these heavier passenger vehicles is quite possible with an expanded research effort.

High efficiency heavy trucks: Ongoing federal R&D on advanced diesel engines and lightweight materials have the potential to substantially reduce carbon emissions from heavy trucks. These technologies are projected to be available by about 2003 and be quickly adopted by trucking manufacturers since energy is a major cost component of freight transportation (a truck typically gets 7 to 8 miles per gallon while traveling over 50,000 miles a year).

Advanced Efficient Aircraft and Rail: Ongoing federal R&D on advanced aircraft engines, improved airframes, and air traffic control have the potential to improve aircraft energy efficiency by 35 percent, with an additional increment of carbon emissions reductions achieved by increasing the efficiency of trains.

Low-Carbon Fuel: Government-industry R&D partnerships have brought the cost of ethanol from cellulosic waste (such as crop waste) and dedicated crops (such as switchgrass) from $3.60 per gallon in 1980 to $1.20 per gallon today. Such fuels are carbon neutral because the crops capture carbon dioxide when they grow and release it during combustion.

Questions and Answers on President's Climate Change Proposal
DRAFT -- 11:30 a.m. October 22, 1997

Q: **Don't economic models suggest that this effort will cost more than 1.5 million jobs and tank the economy?**

A: Some models may suggest that, but only by ignoring several key elements of the President's plan:

1. They ignore the President's $5 billion package of tax cuts and Federal R&D: To spur energy efficiency and the development of lower-carbon energy sources, the Administration supports a major new package of tax cuts and R&D spending amounting to $5 billion over five years.

2. They ignore the potential for increased use of existing energy-efficient products: As the Department of Energy's 5-Labs study illustrates, many existing technologies produce win-win solutions to reducing carbon emissions -- but nonetheless are still not widely used. The President is committed to expanding their reach. The models referenced assume little change in the penetration rate of existing energy-efficient equipment.

3. They ignore the President's Federal energy initiative: To reduce greenhouse gas emissions from Federal sources, the Department of Energy will spearhead a comprehensive effort that includes expanded performance contracting to make Federal buildings more energy-efficient, improved Federal procurement practices, establishment of a new level of excellence for Federal building construction and renovation, and partnerships to improve the energy efficiency of Federal aircraft, ships and vehicles.

4. They ignore electricity restructuring: To spur further efforts to clean our air and deliver a down payment on greenhouse gas emission reductions, while saving consumers billions, we will pursue a bold plan to restructure the energy sector. It is time to change the rules that are often more than 70 years old -- stifling innovations that can save money and impede newer, cleaner technologies.

5. They ignore international emissions trading. Two key components of the President's plan are his support for an international system of emissions permit trading, and his commitment that developing countries must participate in the international effort. International trading can substantially reduce the costs of emissions reductions.

6. They ignore the economic costs associated with climate change itself. Climate change will lead to increased flooding, sea-level rise, and other dislocation. So looking just at the impact of reducing emissions on GDP is misleading.

Finally, we all must admit there is much uncertainty over cost projections that are a decade or more in the future -- after all, a decade ago, we could never have predicted that we would now have an unemployment rate below 5 percent, core inflation below 2.5 percent, and a budget deficit substantially under $50 billion. That's why the President has proposed a graduated, three-stage approach with regular reviews -- starting with a period of voluntary action, tax incentives, R&D, and Federal efficiency improvements, and followed by an evaluation period before the internationally binding period. Only after we have accumulated ten years of experience with the first two stages of the program would we enter the internationally binding period.

Q: **Didn't the 5-labs study conclude that carbon prices would have to rise by $50 to reach 1990 levels by 2010, and isn't that on the optimistic side?**

A: The 5-Labs study examined a scenario in which there was no international trading and no electricity restructuring legislation, and concluded that the permit price would have to be $50 to reduce emissions to 1990 levels by 2010 without such elements. But the President's plan emphasizes international trading and developing country participation, and includes a commitment to properly crafted electricity restructuring. [A DOE analysis that combines international permit trading and electricity restructuring with the results of the 5-Labs study suggests that a permit price of $25 or lower in 2010 would allow the country to meet its target and timetable.]

Q: **Doesn't the President's plan amount to the largest energy tax increase in history -- $200 billion a year or more?**

A: Not at all. The President's plan includes tax *cuts*, not tax increases. It does not involve tax increases at all.

Follow: but isn't a permit system just like a tax?

A: No. There are several critical differences between a permit system and a tax. [For example, a permit system provides insurance that a given quantitative target will be met, whereas a tax does not.] In any case, the permit system does not begin until we have accumulated ten years of experience with tax incentives, R&D, Federal energy efforts, early credit, and the other components of the President's initial action plan.

Q: **How can you possibly reduce emissions to 1990 levels by 2008-2012 without imposing excessive costs on the economy?**

A:

- The President believes that climate change is a critical challenge facing the country, and that if we make this a top priority, we can accomplish significant emissions reductions at low cost. In this effort, it would be irresponsible not to explore all possible avenues for low-cost emissions reductions. That's why the President has

proposed a graduated, three-stage approach -- starting with a period of early credit, tax incentives, R&D, and Federal efficiency improvements, and followed by an evaluation period around 2004. He has proposed regular economic reviews, to ensure that the economic costs are not excessive. Only after we have accumulated ten years of experience with the first two stages of the program would we enter the internationally binding period.

Q: Won't this plan lead to massive shifts of U.S. industry and jobs abroad?

A:

- No. The President has made very clear that we will not assume binding obligations without the participation of developing countries.

- I would also note that non-tradeable sectors account for a substantial share of carbon emissions. Transportation and buildings, for example, account for roughly two-thirds of U.S. emissions. For these sectors, the "competitiveness" argument seems largely irrelevant.

- In most manufacturing sectors, furthermore, energy costs are a small percentage of total costs. According to the 1995 Annual Census of Manufactures, energy costs for manufacturing industries averaged just 2.2 percent of total costs.

Q: How is the president's initial action plan different from the Climate Change Action Plan that the Administration has already adopted?

A: The first stage of the President's climate change proposal differs from the Climate Change Action Plan in four critical ways:

- It includes <u>substantially more funding</u>. The President's proposal includes funding for carbon-reducing activities of $5 billion over 5 years -- substantially more than current funding for the climate change action plan. Activities under the Climate Change Action Plan are estimated to reduce CO2 emissions by 95 million metric tons in 2010 -- and doubling the funding should lead to more reductions. [Total reductions needed in 2010 are 390 million metric tons.]

  [Funding for the Climate Change Action Plan in FY 1995 was $184 million, in FY 1996 $158 million, and in FY 1997 $163 million. Total funding for climate-related activities is somewhat higher -- but still less than $500 million per year -- because items such as PNGV are not included in the Climate Change Action Plan definition.]

- Crucially, the President's proposal now includes <u>binding targets</u>. In expectation of these binding targets, firms and households will begin to adjust their behavior today -- a factor that was not present in the climate change action plan.

- To provide further incentives for firms to take action now, the President has indicated his strong support for developing an early credit program of appropriate rewards for those who take prompt early action.

- Finally, the President has indicated his support for environmentally-friendly electricity restructuring, which has the potential to reduce emissions.

Q: **Hasn't the climate change action plan failed to reduce emissions?**

A: Total emissions are higher than anticipated when the Climate Change Action Plan was adopted several years ago, because of stronger economic growth, lower energy prices, and reduced funding for Congress. But the *partial* effect of the activities under the current Climate Change Action Plan is to still estimated to be a reduction in CO2 emissions of 32 million metric tons in 2000 and 95 million metric tons in 2010 (and *all* greenhouse gas emissions of 76 million metric tons in 2000 and 169 million metric tons in 2010). The President's three-stage plan includes substantially more funding than the Climate Change Action Plan -- and thus could produce substantially more reductions in carbon emissions. [390 million metric tons of CO2 reductions are needed in 2010 to move from business-as-usual to 1990 emissions levels.]

Q: **Will you submit any agreement reached at Kyoto to the Senate for its advice and consent?**

A:
- We honor and respect the U.S. Senate's important role in providing advice and consent to the ratification of treaties. We would anticipate the need for Senate advice and consent to any international agreement adopted in Kyoto that would impose binding commitments on the U.S. to control emissions.

Q: **Will the President or Vice-President go to Kyoto?**

A:
- We have not made final decisions about the membership of our delegation in Kyoto.

Q: **What is the President proposing that developing countries do as part of his proposal?**

A:
- Today, the President emphasized that the United States will not assume binding obligations under the climate treaty without developing country participation.

- The President believes we can engage developing countries on this issue in ways that are good for them and good for us. He believes that developing countries have an opportunity to chart a different energy future -- one based on clean and cheap technologies.

- The President spoke about this issue in each country he visited in Latin America last week. Throughout his trip, he shared his conviction that we can and must work together on this problem, in ways that benefit us all. He plans to raise this issue with Jiang Zemin next week.

Q: Why did the U.S. propose such a modest target and timetable, which is weaker than any of the proposals to date, including from the European Union and Japan?

A:

- The President has put forward a strong target that is realistic, achievable and pragmatic, not just rhetorical. We have backed up those proposals with a three-stage domestic implementation plan. And we have called for a comprehensive international framework that will ensure that all countries participate in a global effort to reduce emissions at the least cost.

- Keep in mind that some of these other targets aren't all they seem to be. The EU derives enormous benefits from a 1990 baseline -- Germany, for example, gets to claim credit for all the cheap reductions that were a fortuitous consequence of reunification.

- With regard to Japan, a careful examination of their proposal shows that we are not so far apart.

Q: Isn't it true that this proposal doesn't actually reduce emissions at all but instead just stabilizes them at a certain level?

A:

- No. Our proposal involves real and meaningful reductions. Consider that under a business-as-usual scenario, U.S. emissions are predicted to be 28% above 1990 levels by 2010.

- We also stipulate that further reductions, below the 1990 baseline, would be achieved in a second emissions budget period.

Q: Given how far apart countries seem to be in their stated positions, is it realistic to expect any kind of agreement in Kyoto?

A:

- We are hopeful that all countries will come to Kyoto with an open mind, prepared to negotiate an agreement that provides real and achievable gains.

- No agreement is better than a bad agreement. The U.S. will continue to insist that any international framework include realistic, achievable targets; flexible implementation mechanisms like emissions trading and joint implementation; and

the meaningful participation of developing countries.

Q: What happens if there is no deal in Kyoto?

A:

- We are hopeful that all countries will come to Kyoto with an open mind, prepared to negotiate an agreement that provides real and achievable gains.

- Even if we cannot reach agreement in Kyoto, climate change will remain a top priority issue for this President. The U.S. will continue to work on building support for a comprehensive international framework that involves all countries in a common effort to meet this important challenge.

- And we will get busy on the elements of the President's plan that we can start right away.

Q: Does the climate change science justify near-term action? Aren't the uncertainties still too great?

A:

- No. The fundamental science of climate change is clear. Greenhouse gas concentrations in the atmosphere are rising as a result of human actions. These increased concentrations are warming the planet, and unless we reduce our emissions, the effects on our climate are likely to become increasingly severe.

- Uncertainties do remain. We are not sure exactly how fast the planet will warm or which regions of the world will suffer the worst impacts. Yet what we do know is more than enough to justify taking the kinds of sensible actions the President has proposed.

- As for the skeptics who would have us do nothing, they represent a tiny fraction of the scientific community. On the other hand, the Intergovernmental Panel on Climate Change, including 2,000 of the world's premier climate experts, has underscored the seriousness of the climate change problem and the need for action.

- As part of his proposal, the President has called for additional scientific studies focused on key areas, including a call to the National Academy of Sciences to examine the issue of establishing a long-term goal for stabilizing atmospheric concentrations of greenhouse gases.

USDA

3/11/97

From the desk of Dan Glickman, Secretary

Mr. President —

The attached clips were based on my speech in North Carolina yesterday.

Dan

United States Department of Agriculture

Office of the Secretary

Raleigh picked for ag office

Centennial Campus likely site for federal facility

N&O 3/11/97

By John Wagner
Staff Writer

RALEIGH — U.S. Secretary of Agriculture Dan Glickman came to town Monday with a bag full of gifts, including news that his department will open a new regional office here for its Animal and Plant Health Inspection Service.

Glickman said the exact location of the office, which is expected to employ 150 people, would be chosen later. But the Department of Agriculture is widely expected to select N.C. State University's Centennial Campus, where it already leases some office space.

"I cannot think of a better place to build for our future than right here in Raleigh, North Carolina," Glickman told a crowd of about 600 people attending a two-day conference on agriculture.

The first day of the conference, hosted by Gov. Jim Hunt, also included a speech by Sen. Jesse Helms, as well as appearances by Sen. Lauch Faircloth and four other members of the state's congressional delegation. Other politicians, including state Auditor Ralph Campbell and Secretary of State Elaine Marshall, also stopped in to mingle with farmers and agribusiness representatives.

Glickman said Raleigh was one of two sites selected for the new animal and plant inspection offices. The inspection service now operates 14 field offices, which will be consolidated at the two new sites. The other location will be in Fort Collins, Colo.

"We're very pleased about the announcement," said Centennial Campus coordinator Claude McKinney. "We think there's good reason for them to come here, but that's for them to decide."

Glickman also announced that North Carolina would receive $3.9 million in federal funds to help farmers reduce contaminated runoff and soil erosion into the state's rivers. North Carolina's share is part of a previously announced $200 million initiative.

In his speech, Helms pledged to continue working to open foreign markets for pork, cotton, poultry and other North Carolina products. The industry's prosperity, he said, will depend on the success of its exports.

Helms also said he would keep fighting efforts by the Food and Drug Administration to regulate tobacco.

"As long as I'm in the Senate, I'm going to stand up for the tobacco farmers," he said.

Although Helms and Hunt were once bitter political rivals, the two had nothing but praise for one another Monday. Hunt introduced Helms as "a strong, tough, aggressive fighter for North Carolina." Helms, meanwhile, repeatedly referred to Hunt as the "distinguished governor."

John Wagner can be reached at 829-8902 or jwagner@nando.com

CO 3/11/97

Santa Glickman a hit at N.C. ag meeting

Associated Press

RALEIGH — U.S. Agriculture Secretary Dan Glickman brought plenty of gifts when he visited an agricultural meeting here Monday:

- $3.9 million to help with environmental problems on the farm.
- An exemption for tobacco farmers so they can easily rotate crops.
- A new regional headquarters in Raleigh for the Animal and Plant Health Inspection Service.

Glickman made the announcements during the Governor's Summit on Agriculture.

Glickman also said the Clinton administration would promote agricultural exports.

"This administration is going to do the most it can to push doors open, challenging phony-science trade barriers, such as your chickens aren't safe or your wheat has some disease we've never heard of," Glickman told several hundred people.

Sen. Jesse Helms, R-N.C., also spoke, telling farmers their N.C. products were in big demand overseas. The state earned $1.4 billion in farm exports in 1995, Helms said, and exports have grown by more than 50 percent during the past five years.

North Carolina's share of the $200 million environmental program is designed to help farmers and ranchers around the country deal with contaminated runoff, soil erosion, wetland quality and wildlife. It is called the Environmental Quality Incentives Program.

Glickman said in North Carolina the money could be used to help improve water quality in the Neuse River and other basins.

He also said the acreage exception will help tobacco farmers hemmed in by rules governing the USDA's Market Transition program. Acreage registered under the program could be used only for crops in the program.

Tobacco isn't an MTP crop but requires frequent rotation. Without the exception, farmers couldn't have planted tobacco on land registered in the MTP program.

The inspection-service hub will bring about 160 jobs to the Raleigh area when 13 agency field offices are consolidated into two hubs. The other hub is in Fort Collins, Colo.

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

September 13, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY GLICKMAN

SUBJECT: Current Assessment of Agricultural Markets Prospects

Developments in agriculture were spotlighted this week by releases of revised UDSA crop estimates and the Consumer Price Index (CPI) for food. USDA's new survey results, released on September 11, show increased grain production which will provide some relief to this year's tight markets, but reduced prospects for soybean and cotton production. *Grain and soybean prices* continue to decline from the very high levels of several months ago yet remain quite strong by historical standards and well above a year ago. *Cattle prices* fell to their low of the year on April 29, the day before the announcement of your 5-point initiative to help cattle producers. Since that daily low, cattle prices have increased over 30 percent, helping to offset the higher costs of feed (see chart). *Milk, hog and poultry prices* have all increased this year and are also offsetting much of the feed cost increase facing producers. However, milk production continues to drop and record-high prices are expected this fall. Pork prices, which rose sharply this summer are likely to weaken as hog prices have dropped 15 percent since early August.

The higher farm prices have caused higher *retail food prices*. The August CPI, released September 13, indicates sharp increases for some items, such as bacon, which was 36 percent above a year earlier. Compared with a year ago, retail beef prices rose in August for the first time this year, and white bread and dairy products were each up 9 percent. USDA has boosted its forecast of the increase in the 1996 CPI for food to 3 percent, about the same as the overall CPI. For 1997, the food CPI forecast is placed at 3 to 4 percent and is expected to exceed the overall inflation rate for the first time since 1990. While higher than recent years, and generating some national media coverage, such food price increases should not cause inordinate public concern.

Grains and oilseeds. The September 11 report estimates the 1996 corn crop at 8.8 billion bushels. This estimate is well above the 1995 crop but only slightly above the total amount of corn used during the past marketing year, when use was reduced by record-high corn prices and limited supplies. Slower exports and early harvest of corn in the south have eased earlier concerns of insufficient feed supplies in late August and September. The expected increase in corn production this year will help livestock and poultry producers, but it is not enough to permit more than a small rebuilding of corn stocks. The market will remain tight, and farm-level corn prices are expected to average $3.20 per bushel, nearly reaching the 1995/96 record-high $3.25.

The new soybean production estimate indicates a slightly smaller crop than earlier expected and a tighter soybean market. Strong demand for soybeans and soybean meal is expected to reduce

1996/97 carryover stocks to 7 percent of use, the lowest level in 20 years. Farm prices are expected to average $7.00 to $8.00 per bushel during 1996/97, compared with $6.76 during 1995/96. The story for soybean oil is a different: 1995/96 exports were very weak and while some recovery is expected this season, 1996/97 carryover stocks are expected to reach the highest level in 5 years and reduce oil prices.

Because corn and soybean stocks are extremely low, and crops are maturing late, early freezes could have a substantial effect on prices, and markets will remain volatile until the growing season ends. Unlike last fall, when the market was slow to recognize the supply shortfall and the need to ration supplies, prices would respond quickly this year to reduced production and the consequent need for demand cutbacks.

The prospect for wheat is somewhat different than for corn and soybeans because increased foreign production will play a larger role in supplying world markets. U.S. wheat prices have dropped sharply from their spring highs and will continue to edge down in coming weeks as the large U.S. spring wheat crop is harvested. Foreign production is expected to rise 9 percent in 1996/97, with increases in all major exporting countries and in key importing countries. Wheat carryover stocks in 1996/97 are expected to rise to a more comfortable 506 million bushels, compared with only 375 million on hand on June 1 to start this marketing season. Domestic flour millers will benefit from more supplies, but under greater competition, wheat exports are expected to decline 25 percent in volume this season. The European Union has begun using wheat export subsidies again and this, combined with lower wheat prices and a loss of U.S. export share, could bring pressure to resume U.S. Export Enhancement Program subsidies.

Red meat and poultry. Total red meat and poultry supplies will remain relatively large over the next few months, with total production expected to be slightly above year-earlier levels. Beef supplies, however, will decline from a year ago and from record production levels in the first half of 1996. This cutback has strengthened cattle prices and will likely keep them firm over the next several months. Labor day ends the peak beef demand period, and by late 1996 and early 1997, cattle prices are expected to weaken from the current levels of the high $60's per hundredweight.

Pork supplies remain tight, but production is beginning to increase seasonally. Hog prices peaked in early August at about $60 per hundredweight and have since fallen to the low $50's. This is still about $10 per hundredweight above last fall. Broiler production in the next few months is forecast to be 5 percent above a year ago. Prices have peaked, and should fall seasonally over the next three months.

Retail meat prices will show little change over the next few months. Beef prices are expected to rise slightly this fall but remain below prices in the fall of 1995. Retail pork prices are expected to decline by 4-5 cents per pound, as slaughter increases. However, pork prices will remain well above those registered last fall. Retail broiler prices may fall seasonally 4-5 cents per pound but remain slightly above a year earlier.

Dairy. U.S. milk production has fallen during 1995/96 due to increased feed costs and poor forage. This is the first marketing year decline since 1988/89. With strong demand and lower production, milk prices continue to rise. For 1995/96, the farm level all-milk price is averaging $14.40 per hundredweight, only 3 cents below the 1989/90 record-high. In 1996/97, milk production is expected to increase only slightly, with average prices rising to a new record of $14.95. Prices have been very strong this summer and further increases are anticipated over the next couple of months, adding to retail price pressure this fall.

Consumer food prices. Despite higher grain, poultry, pork and milk prices, the CPI for food has not increased excessively this year, nor are dramatic increases forecast for 1997. The food CPI is expected to rise about 3.0 percent in 1996 compared with 1995, and a 3 to 4 percent increase is projected in 1997. The CPI for food for August was 3.6 percent above August 1995. The August changes for selected food items are as follows:

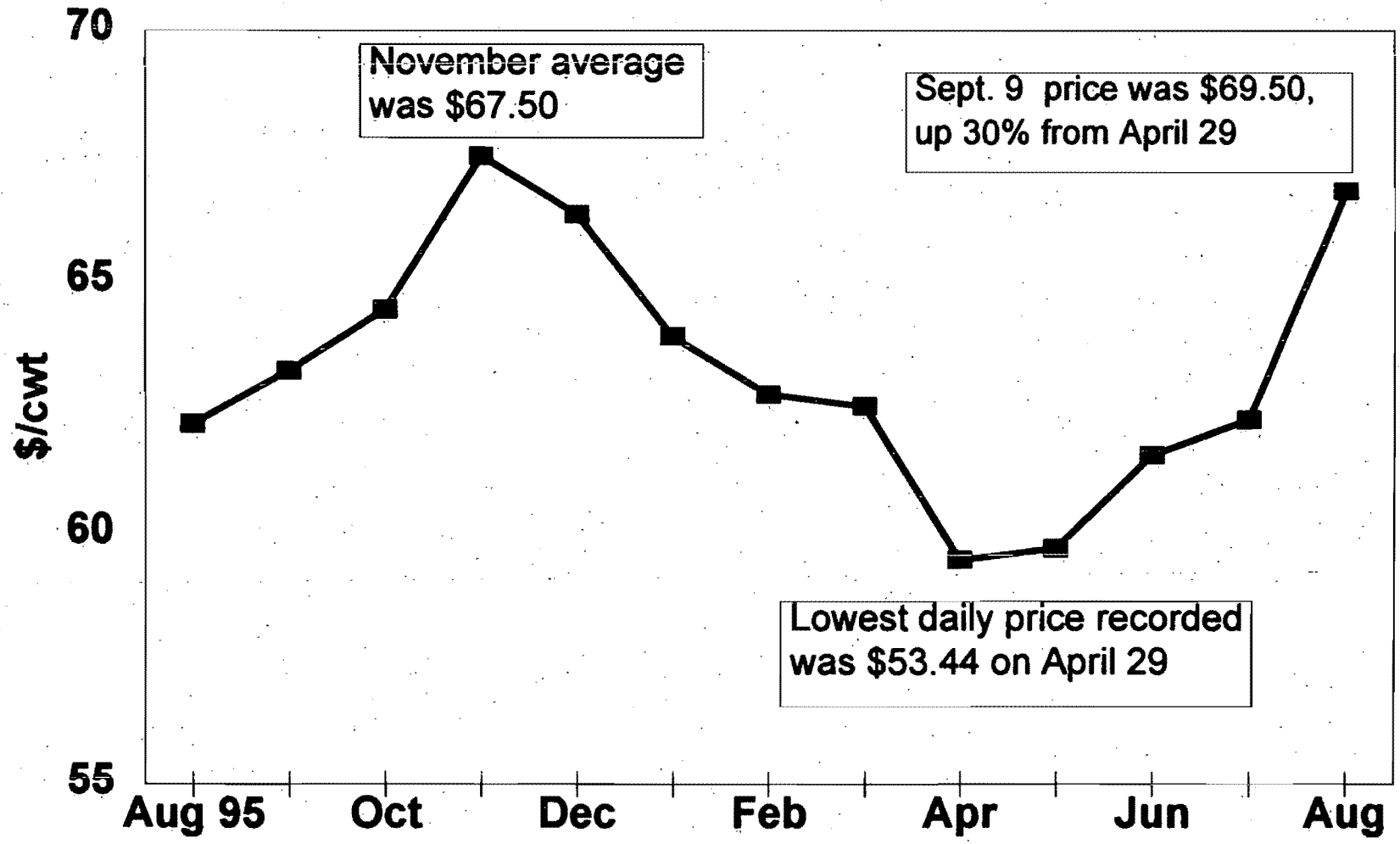
Item	% change: August '96 over August '95
Meats	5.0
Beef and veal	1.0
Pork	12.9
Poultry	8.2
Cereal and bakery products	3.7
Dairy products	9.0
Fruits and vegetables	4.5

Food price inflation projections depend on normal corn and soybean crop development. Assuming normal growing conditions for the remainder of the year, feed costs are not expected to decline significantly over the next several months, compared with year earlier levels. If corn and oilseed yields are adversely affected by the weather during September and October, pork, poultry, and dairy product prices would also increase more sharply over the next several months.

Attachment

CATTLE PRICES

Nebraska choice steers, 1100-1300 lb

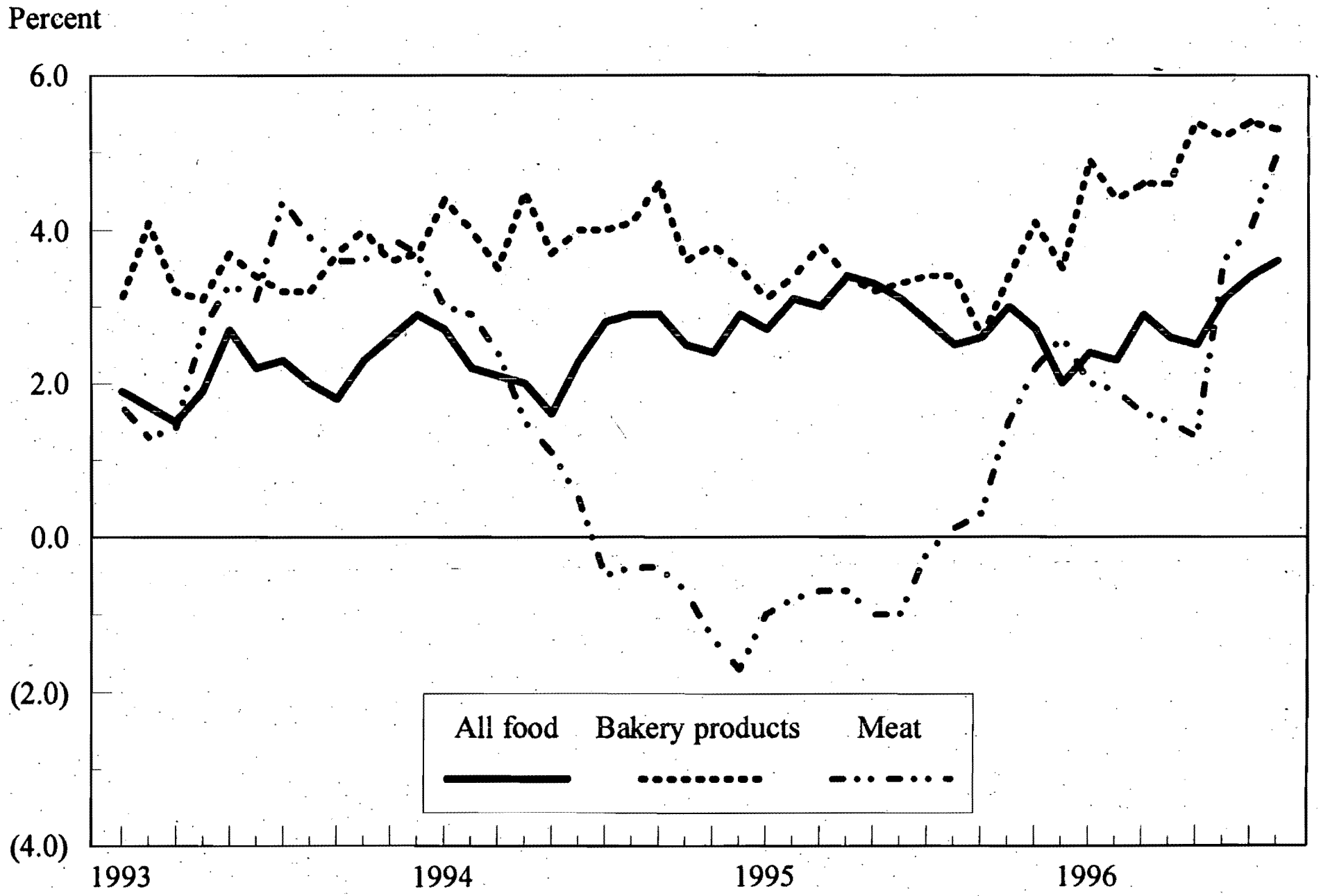


USDA-Office of the Chief Economist--9/11/96

U.S. Consumer Prices

All food, bakery goods, and meats

Percent change from previous year, through August 1996



To: Woteki, Billy (FSIC), Olsen, Fraser, Rawls

USDA

1/27/97

From the desk of Dan Glickman, Secretary

Please read the attached memo from the President on food safety.

Please advise how we will implement our responsibilities under the memo as well as the report required in 90 days.

cc. Bill Richardson

United States Department of Agriculture

Office of the Secretary

THE WHITE HOUSE

WASHINGTON

January 25, 1997

MEMORANDUM FOR THE SECRETARY OF AGRICULTURE
SECRETARY OF HEALTH AND HUMAN SERVICES
ADMINISTRATOR OF THE ENVIRONMENTAL PROTECTION AGENCY

SUBJECT: Improving the Safety of the Nation's Food Supply

Americans rightly expect to have the world's safest food supply. Although our food is unmatched in quantity and quality, we can do better in our efforts to eliminate disease caused by microorganisms and other contaminants. Americans still suffer thousands of food-related deaths and millions of food-related illnesses.

The 21st century will present new and greater challenges in this area. Novel pathogens are emerging. Long-understood pathogens are growing resistant to treatment. Americans eat more foods prepared outside the home, and we consume record levels of imported food -- some of which moves across the globe overnight. These changing circumstances require greatly strengthened systems of coordination, surveillance, prevention, research, and education.

My Administration has already taken a number of steps to improve food safety. We modernized the meat, poultry, and seafood safety systems. I signed into law new legislation to keep harmful pesticides off our fruits and vegetables -- and legislation that keeps our drinking water safe and pure. Today, I announced a new national early warning system for food-borne illness. The system will allow us to respond more quickly to disease outbreaks and to better prevent them in the future.

But we need to do more. Government, consumers, and industry must work together to further reduce food-borne disease and to ensure our food supply is the safest in the world.

I hereby direct that you work with consumers, producers, industry, States, universities, and the public to identify additional ways to improve the safety of our food supply through government and private sector action, including public-private partnerships. Your recommendations should identify steps to further improve surveillance, inspections, research, risk assessment, education, and coordination among local, State, and Federal health authorities. You should report back to me within 90 days with your recommendations.

William J. Clinton

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

June 12, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY GLICKMAN

SUBJECT: Update on Commodity Market Developments

Although the price run-ups we witnessed from mid-April through mid-May have moderated in recent days, corn and wheat prices remain at extraordinary levels due to historically tight stocks, severely adverse weather conditions in primary grain producing areas, and continuing strong export demand.

Two of the most significant items in our most recent crop estimate, released June 12, were one, the wheat market will remain extraordinarily tight through the 1996/1997 marketing year (June 1, 1996 through May 31, 1997) largely as a result of adverse weather conditions lowering this year's harvest and two, the corn market will rebound only modestly this year's tightness once the new crop comes on because of poor spring planting conditions.

Wheat:

The 1995/96 wheat marketing year ended on May 31, 1996. Carryover stocks are estimated at 352 million bushels, which, as a percent of total wheat consumed, is the lowest in nearly 50 years. Wheat prices continue at record-high levels, reflecting tight supplies and poor prospects for the 1996 crop. Farmers received an estimated $5.81 per bushel for wheat in May, compared with $3.67 one year ago.

USDA's June's forecast of the 1996 wheat crop was 2.080 billion bushels, about 370 million bushels less than initially expected because of poor growing conditions for winter wheat in the Southern Plains and Midwest wheat states. We estimate that winter wheat harvested acreage will be the lowest since 1972, and winter wheat production will be slightly below 1991's weather-reduced crop. The forecast of the total 1996 wheat crop is 325 million bushels less than the amount of wheat consumed domestically and exported last year.

Consequently, the 1996/97 wheat marketing year is expected prove to be even tighter than the past year. Stocks will not be rebuilt, farm-level prices are expected to be record high for the year, $4.70-$5.30 per bushel, compared with $4.50 last year, and total use will have to be pared back from this year's level. The cutback in total use is expected to come in exports, with a 22-percent drop in volume, curtailed by the lack of supplies and improved crops in most foreign countries.

Corn:

The 1995/96 corn marketing year ends on August 31, 1996, when corn stocks are expected to total only 347 million bushels, enough to cover 14 days use, the lowest in 60 years. Cash market corn prices are currently near $5.00 per bushel, compared with $2.65 a year earlier. Despite the high prices, corn exports have remained firm at 2.3 billion bushels, up 6 percent from one year ago.

Rain and cool weather has reduced corn plantings especially in rain-plagued Ohio and Indiana and to a lesser extent in Illinois, Michigan and Wisconsin. Poor planting conditions are expected to reduce 1996 corn plantings by about 2 million acres and 1996 corn production by over 250 million bushels. In addition, cool weather combined with more late plantings could delay crop development, making the crop more suspectable to heat stress later this summer and frost damage this fall.

Assuming no weather problems through the rest of the growing season, corn stocks are expected to rebound modestly next year and corn prices are expected to fall off somewhat. Season-ending stocks are expected to be about 7 percent of total use, which except for this year would be the lowest since the mid-1970's. Corn prices for the 1996/97 marketing year are projected to be in the range of $2.90-$3.30 per bushel, near this year's season-average price of $3.20 per bushel. The all-time record high is $3.21 per bushel set in 1983/84.

Soybeans:

Soybean stocks as a percent of total use at the end of this marketing year, which ends on August 31, are expected to be the lowest since the mid-1970's. The farm-level price of soybeans is expected to average $6.80 per bushel, up from $5.48 per bushel last year. The price of soybeans is being supported by a 40-percent increase in the price of soybean meal.

Poor planting conditions for corn are causing some producers to switch to soybeans. Soybean plantings are projected to reach 64 million acres this year, up from 62.6 million acres last year. However, rain has greatly delayed soybean plantings in Illinois, Indiana and Ohio. Soybeans can be planted until late June to early July in these States, but the later soybeans are planted the more prone it is to heat stress and frost damage. Assuming normal weather throughout the remainder of the growing season, soybean and soybean meal prices are expected to average near this year's level.

Cattle:

Since your announcement on April 30 of actions to stabilize the cattle market, cattle prices have risen $4-5 per cwt., about 10 percent. Part of the increase reflects a slowdown in cattle moving through feedlots. With prices for feeder cattle so low, ranchers are keeping animals on pasture rather than moving them to feedlots. Beef production is forecast to up 5 percent for the first half of this year, compared with a year earlier, but is still expected to fall below year-earlier levels during the second half of the year. This will help strengthen cattle prices this fall and winter.

The farm-to-retail price spread for beef was near record high in April. However, retail beef prices are falling; beef is becoming the featured "special" as the barbecue season begins. Lower retail prices will complement your action by helping to move this year's increased beef production and accelerate the cattle price recovery.

Imports of cattle from Mexico have declined dramatically in recent months. From January through March of this year, the value of live cattle imports from Mexico declined by 79 percent, compared with the same period in 1995, and the value of all animal and animal product imports declined by 73 percent. From January through March, the United States has a net trade surplus with Mexico in animal and animal products of $210 million, compared with a net trade deficit of $19 million over the same period last year. The reduction in imports of cattle from Mexico has also helped support livestock prices.

Despite the high feed prices this year, beef production is forecast to be up about 1.5 percent in 1997, following a projected increase of 1.7 percent this year. The further increase in beef production in 1997 is expected to keep choice steer prices in the range of $62-$68 per cwt., up modestly from this year.

Other Livestock and Poultry:

Pork, poultry and dairy producers, although facing higher feed costs, are not facing the drop off in prices cattle producers have faced this year. Hog prices for the first half of the year are up about 31 percent, and broiler and milk prices are up about 12 percent, compared with one year ago. The pork price increases reflect reduced pork production, as hog producers began adjusting last fall, and strong export demand. For all of 1996, pork production is expected to be down about 1 percent but rebound in 1997. The higher broiler prices reflect strong demand, Russia's return to the U.S. poultry market and a slowdown on the rate of poultry production increases.

Dairy producers are also feeling the pinch of higher feed costs. Milk production, which has expanded steadily in recent years, is expected to be unchanged during the second quarter. High

feed costs, poor weather and lower quality forage have reduced the increase in output per cow to well below the gains of recent years. Consequently, milk prices are record-high for this time of year.

Consumer food prices:

Despite the increases in farm grain, pork and poultry prices, the Consumer Price Index (CPI) for food has not increased substantially. For all of 1996, the food CPI is expected to rise 2-3 percent, which would be below the expected increase in the overall CPI. The CPI for food for May, released June 12, was 2.5 percent above May 1995. The May changes for grain and grain-affected products are as follows:

Item	% change
Meats	1.3
Beef and veal	-2.6
Pork	7.8
Poultry	5.6
Cereals and bakery products	4.3
Dairy products	3.6

Retail price projections depend on having average corn and soybean crops, which will be more prone to heat stress and frost damage than normal. Assuming normal growing conditions for the remainder of the year, feed costs are not expected to decline significantly over the next several months, compared with year earlier levels. Retail beef prices are likely to start increasing year over year in late 1996, and by early 1997 could be up 2-3 percent. If corn and oilseed yields are adversely affected by the weather later this year, pork, poultry and dairy product prices would also increase more sharply over the next several months.

The attached pages graphically demonstrate these trends. I have also attached a summary of the actions the Administration has taken in recent months to deal with adverse weather conditions affecting farmers and ranchers.

June 12, 1996

THE CLINTON ADMINISTRATION'S RESPONSE TO DROUGHT AND RELATED ADVERSE WEATHER CONDITIONS AFFECTING AMERICA'S FARMERS AND RANCHERS

The Clinton Administration continues to implement a multi-faceted strategy to deal with problems farmers and ranchers are facing due to drought and other adverse weather conditions. The primary elements of that strategy are:

- ***PROVIDE ASSISTANCE TO FARMERS AND RANCHERS AFFECTED BY ADVERSE WEATHER:***

  In April 1996, Secretary Glickman provided farmers another opportunity to purchase catastrophic risk crop insurance coverage for spring-planted crops by extending the sales closing date to May 2, 1996.

  In April 1996, Secretary Glickman authorized grazing on acreage enrolled in the Conservation Reserve Program (CRP) on an emergency basis in numerous Southern Plains counties and announced that the reduction in CRP rental payments would be 5 percent for each month grazed not exceed 25 percent, rather than the 25-percent reduction previously assessed for any grazing of CRP acreage.

  As part of a 5-point plan to provide assistance to cattle producers, President Clinton directed Secretary Glickman to open nationally all but the most environmentally sensitive CRP acres to haying and grazing.

  On April 30, 1996, President Clinton directed Secretary Glickman to survey the credit needs of farmers and ranchers as a result of adverse weather conditions.

  On May 24, 1996, Secretary Glickman announced the transfer of $16.4 million in unobligated CRP funds to the Emergency Loan Program to replenish exhausted funds in that program, making an additional $56 million in emergency loans available farmers and ranchers.

  On May 30, 1996, President Clinton directed Secretary Glickman –
  1) to extend for 90 days the period for which eligible producers could continue to receive assistance through the Emergency Livestock Feed Assistance Program and
  2) to authorize Noninsured Assistance Program (NAP) coverage for forage losses on small grains.

On May 31, 1996, the Office of the Comptroller of the Currency issued a bulletin encouraging bankers to work with borrowers in communities affected by drought and indicated that extended repayment terms or other debt restructuring, done in a prudent way, would not be subject to examiner criticism.

On June 4, 1996, Secretary Glickman asked President Clinton to delegate to him authority to release feed grain stocks held in the Disaster Reserve, an action necessitated by provisions in the 1996 Farm Bill suspending the Secretary's past authority to access such stocks through the Emergency Livestock Feed Assistance Program.

On June 7, 1996, Secretary Glickman announced that insured dryland cotton producers in western Texas and eastern New Mexico would have to wait only seven days, rather than the standard 25, after the final planting date for cotton to plant an alternative crop if their cotton crop fails.

- ***PERMIT FARMERS TO RESPOND TO INCREASED MARKET DEMAND:***

In 1995, Secretary Glickman announced that wheat and feed grain farmers would not have to idle land as a condition for receiving income support payments and price support loans.

In 1995, the Department of Agriculture (USDA) permitted 640,000 acres of land enrolled in the CRP to exit the program early and return to crop production, replacing that land with more environmentally sensitive land.

In January 1996, Secretary Glickman announced that USDA would permit farmers with CRP contracts expiring in 1996 to leave the CRP early so that they could bring this acreage back into production this crop year.

On April 5, 1996, one day after the farm bill was signed, Secretary Glickman implemented a provision that allows farmers with least the environmentally sensitive acreage in the CRP land enrolled terminate their CRP contract and return that acreage to crop production.

- ***USE EXPORT AND DOMESTIC PROGRAMS AS NECESSARY:***

  In early 1996, President Clinton released 1.5 million tons of wheat from the Food Security Wheat Reserve to meet humanitarian food aid commitments.

  On April 30, 1996, President Clinton directed Secretary Glickman to make full use of export programs to help relieve pressures caused by large livestock supplies and increased export credit guarantees have been arranged with several countries.

  On April 30, 1996, President Clinton directed Secretary Glickman to expedite purchases of beef by $50 million for the School Lunch Program.

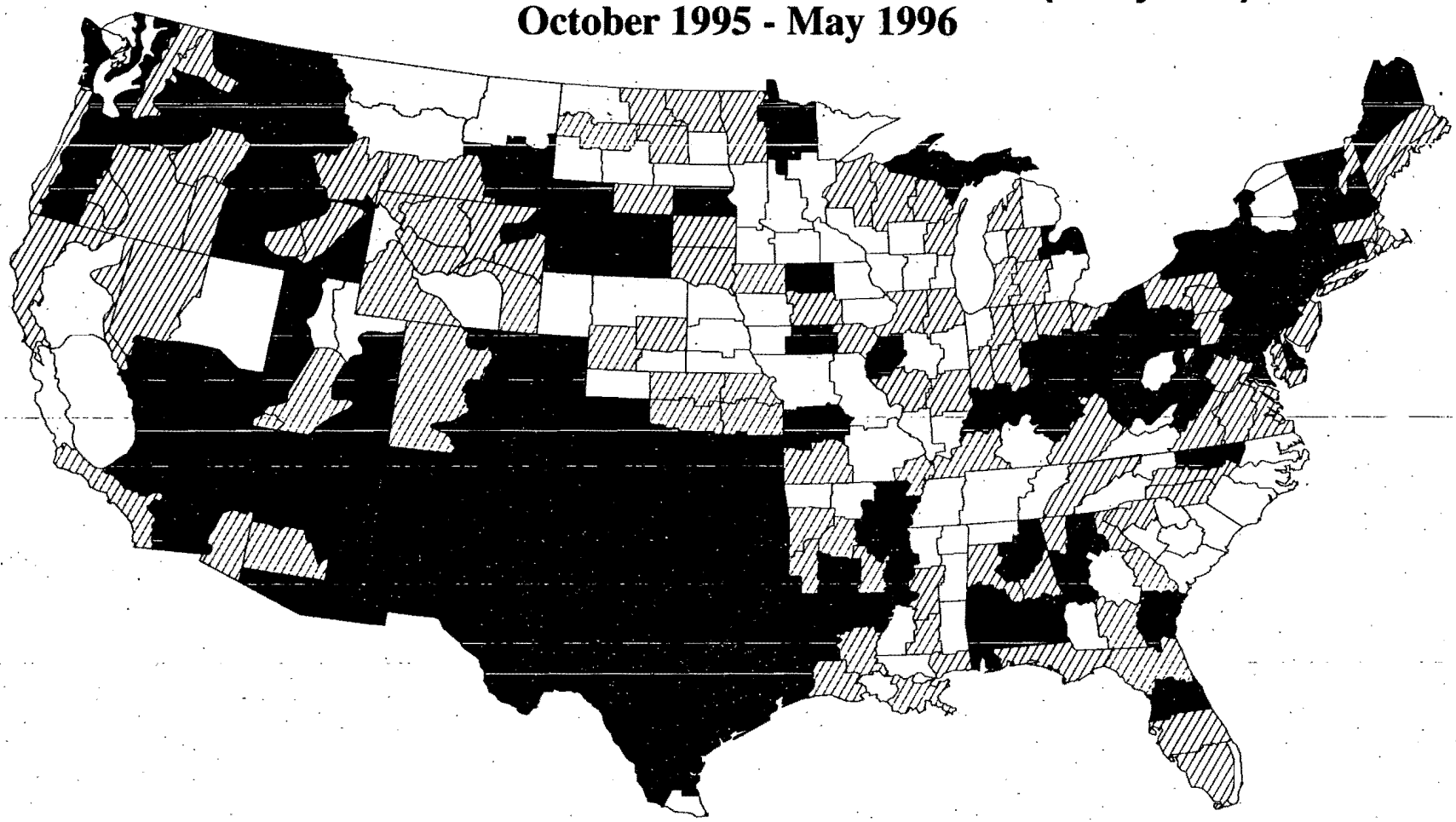
  In May, USDA began to accelerate purchases of dairy products for domestic food assistance programs purchasing nearly 20 million pounds of cheese since early May, more than one-third of total purchases under these programs during all of last year.

In addition to Secretary Glickman's trips in April to west Texas and southern Kansas to tour drought-affected areas, the Clinton Administration continues to monitor weather and market conditions closely in consideration of additional actions as needed. The Administration's Advisory Committee on Agricultural Concentration issued its report to Secretary Glickman on June 6. This report contains over 80 recommendations which the are now under review.

U.S. PRECIPITATION RANKINGS

Climate Division Data from 1896-1996 (101 years)

October 1995 - May 1996



LEGEND

- Extremely Dry (Less than 10th Percentile)
- Dry (10-30 Percentile)
- Near Normal (30-70 Percentile)
- Wet (70-90 Percentile)
- Extremely Wet (Greater than 90th Percentile)

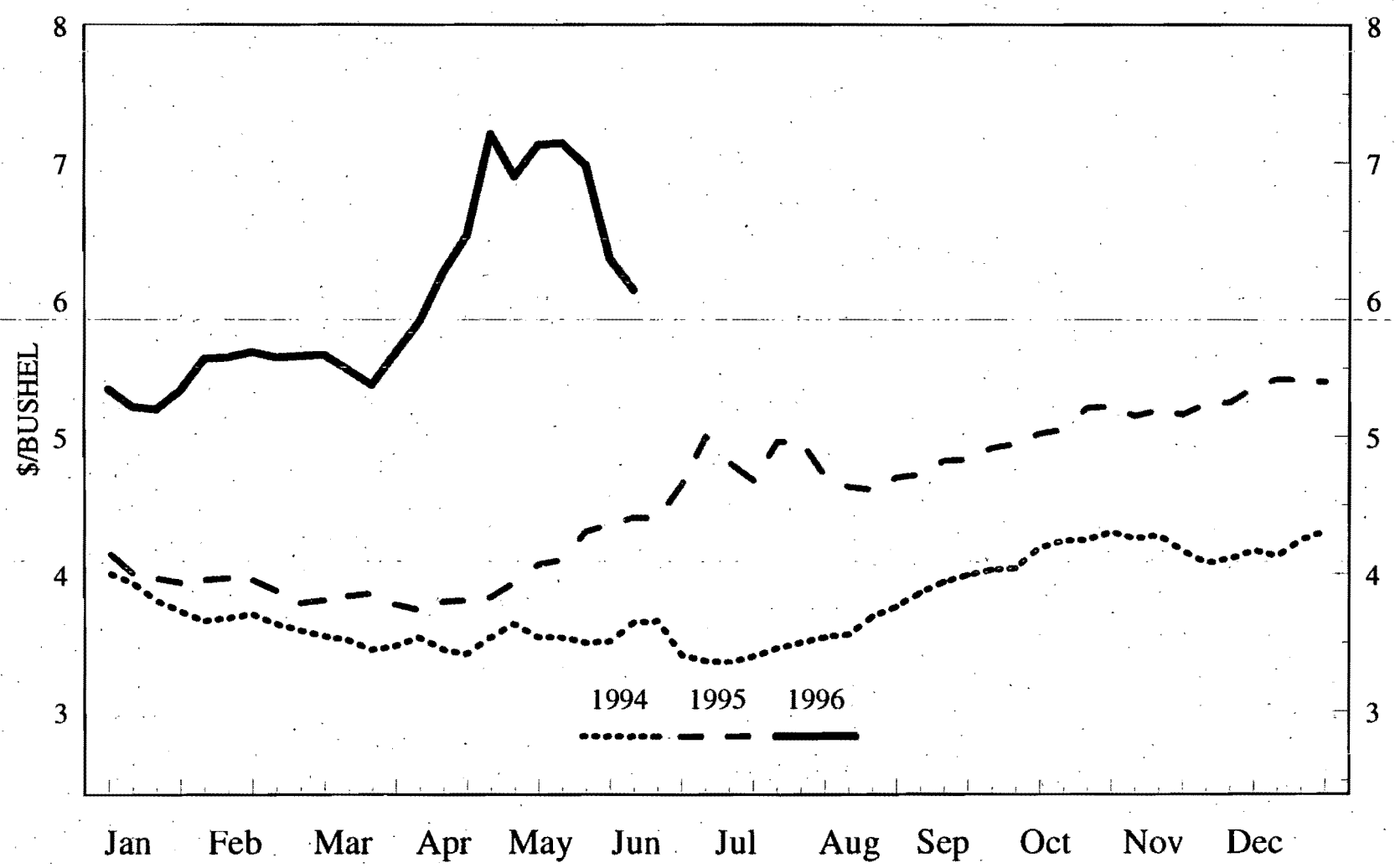
TLP C:\CDIV\CDOM96P.PRE

Analysis done at the Joint Agricultural Weather Facility.

Data provided by National Climatic Data Center (NCDC).

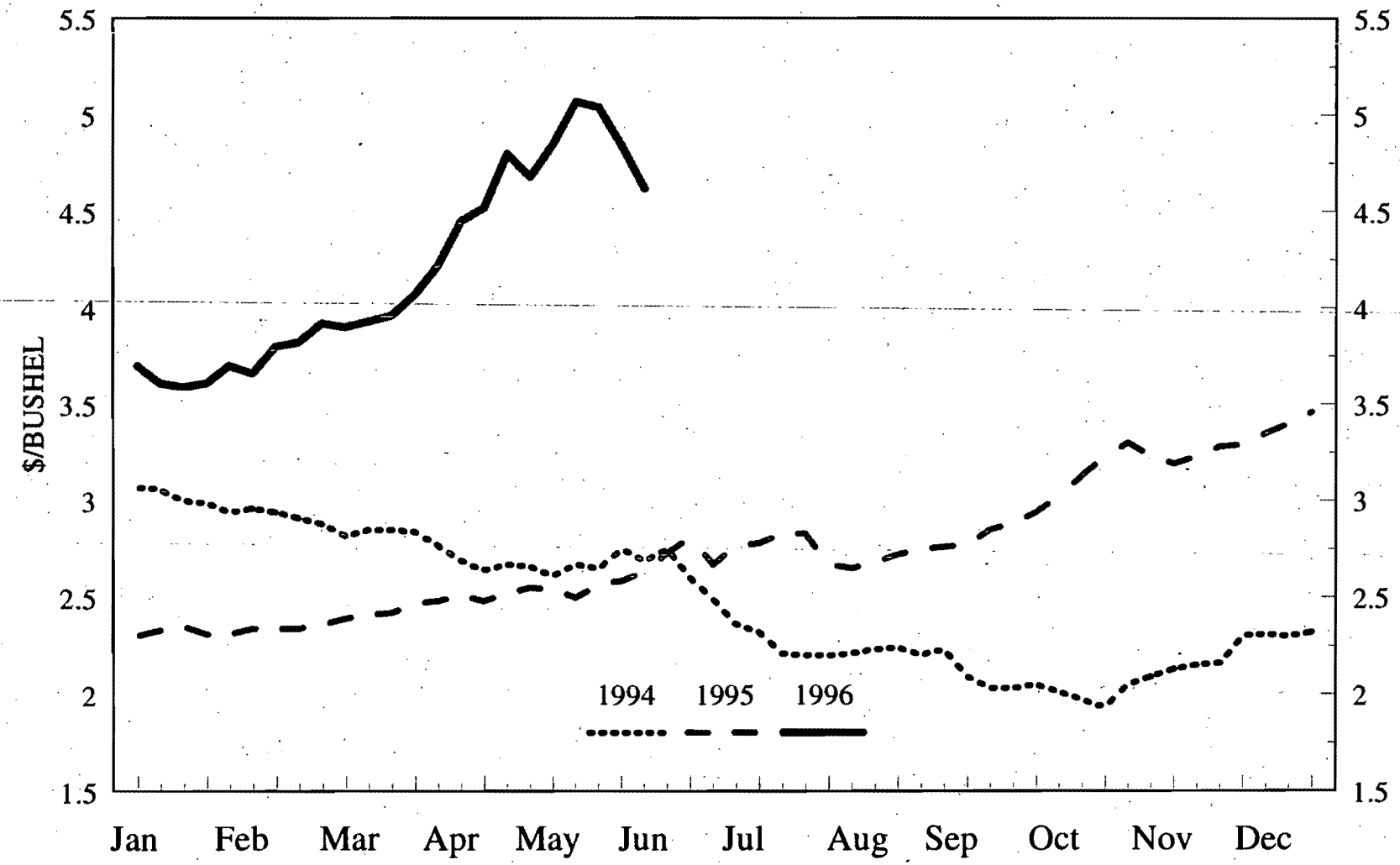
Kansas City Wheat No. 1

Average Weekly Price (HW)



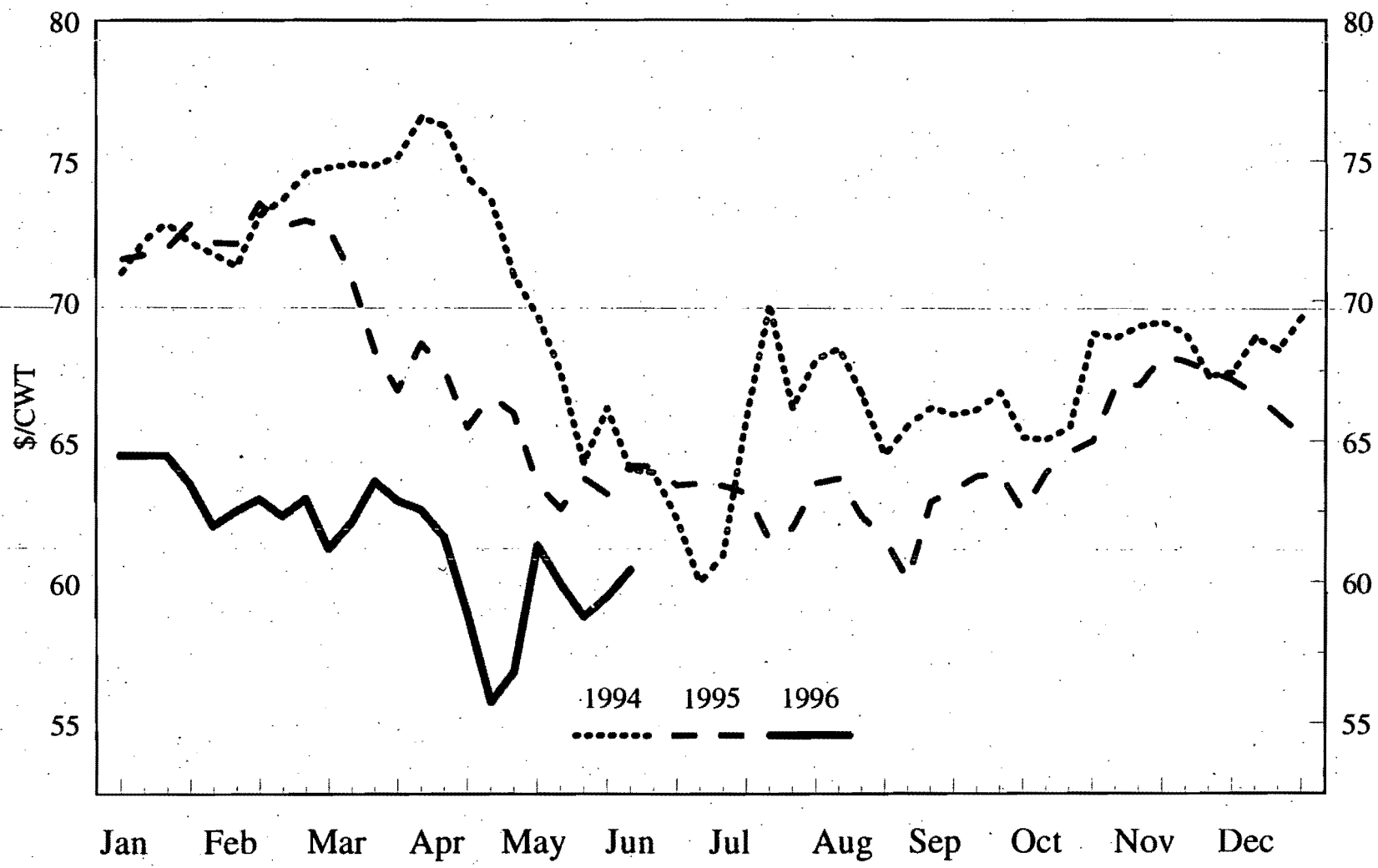
Southern Iowa Corn

Average Weekly Price, Yellow No. 2



Nebraska Steers

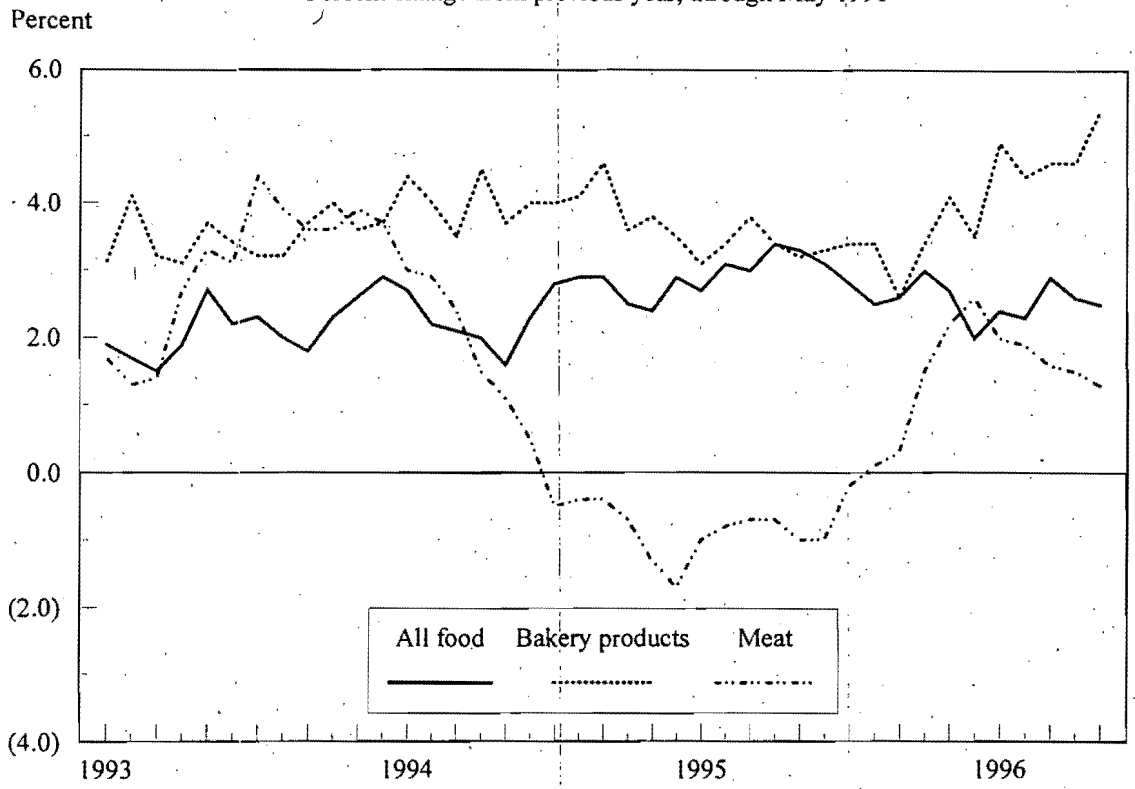
Average Weekly Price, 11-1300 lb.



U.S. Consumer Prices

All food, bakery goods, and meats

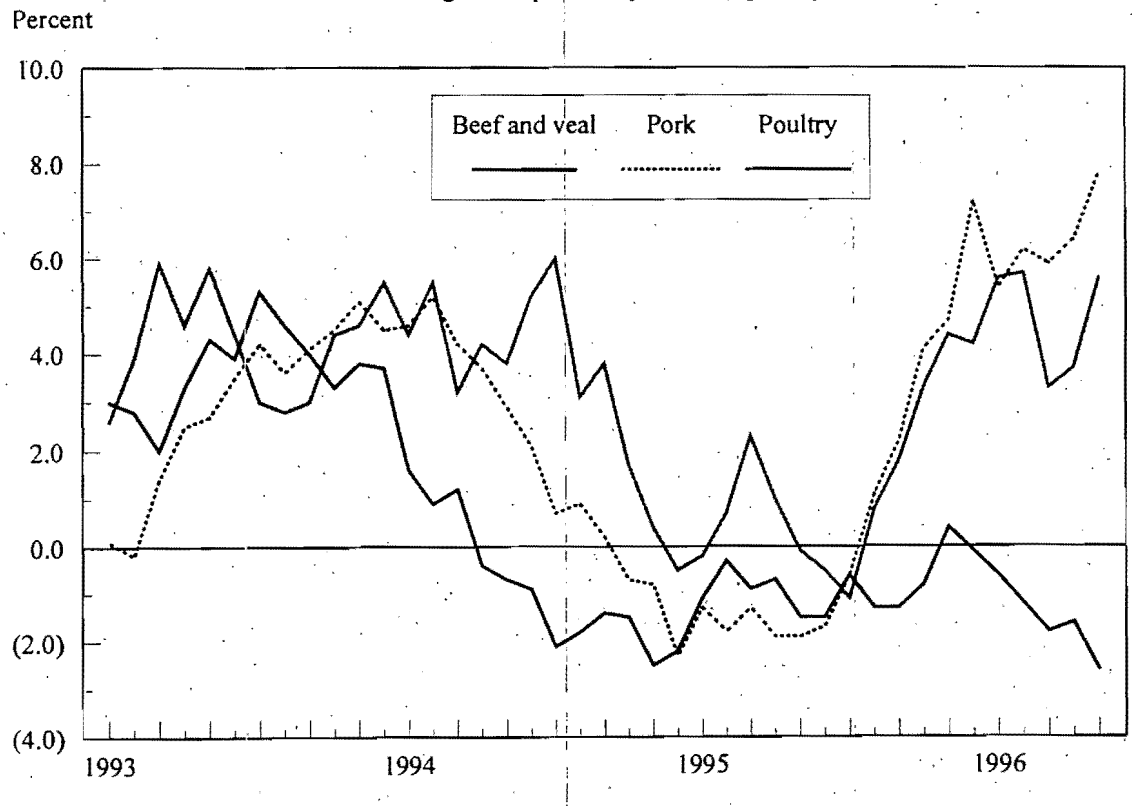
Percent change from previous year, through May 1996



U.S. Consumer Prices

Beef and veal, pork, and poultry

Percent change from previous year, through May 1996



THE SECRETARY OF AGRICULTURE
WASHINGTON, D.C.
20250-0100

2/12/97

Mr. President –

You have been invited to address the Landon Lecture at Kansas State University. In my judgment, this is the leading University lecture series in America. All five of your predecessors have at one time given an address there (I even attempted a lecture there myself). I urge you to consider this forum.

Dan

KSU
KANSAS STATE UNIVERSITY

Office of the President

110 Anderson Hall
Manhattan, Kansas 66506–0112
913-532-6221
FAX: 913-532-7639

February 10, 1997

The Honorable Bill Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear President Clinton:

On behalf of the students, faculty and alumni of Kansas State University, it is my pleasure to extend an invitation to you to appear as an Alfred M. Landon Lecturer on Public Issues. The Landon Lecture Series was inaugurated in 1966 as a tribute to the late Governor Alf Landon. President Bush, on the occasion of his Landon Lecture in 1985, called the Landon Lectures "America's most distinguished lecture series." The list of prominent individuals who have honored Kansas State University with their thoughts includes five U.S. Presidents, a Chief Justice, many cabinet officers, and members of the U.S. House and Senate. Some of the nation's leading economists and labor, business and theological leaders also have participated. The enclosed brochure includes a listing of earlier speakers in the Series.

Since the Landon Lecture of President Richard Nixon in 1970, every previous U.S. President has given a Landon Lecture. We hope you will join the list of distinguished speakers with your predecessors. In addition to U.S. Presidents, President Arias, President Duarte, and President Chamorro were Landon Lecturers during their presidencies.

As you can tell from the long list of Landon Lectures since 1966, we are prepared to handle all of the arrangements on very short notice and to accommodate your schedule.

Sincerely,

Jon Wefald
President

cc: U.S. Senator Pat Roberts
Secretary of Agriculture Dan Glickman
National Archivist John Carlin
Nancy Landon Kassebaum-Baker